2004-05

57th

ANNUAL REPORT

One cannot change the wind's direction;
but can adjust the sails to one's advantage

THE GREAT EASTERN SHIPPING COMPANY LIMITED

Mr. K. M. Sheth, Executive Chairman being bestowed with the "Varuna Award", in recognition of his sustained and outstanding contribution to the cause of development of Indian Shipping Industry, by The National Maritime Day Celebrations Committee on the occasion of the 42nd National Maritime Day – 2005 held on April 5, 2005 at Mumbai.

BOARD OF DIRECTORS

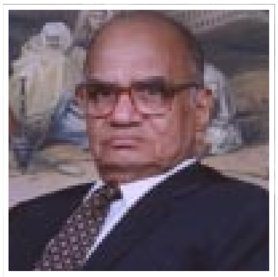
Mr. K.M. Sheth & Mr. S.J. Mulji
Executive Chairman & Executive Dy. Chairman

Mr. Vijay K. Sheth & Mr. Bharat K. Sheth
Managing Directors

Mr. R.N. Sethna
Director

Ms. Asha V. Sheth
Director

Mr. Manu Shroff
Director



Mr. T.N. Pandey
Director

Mr. Cyrus Guzder
Director

Mr. Keki Mistry
Director

Mr. Vineet Nayyar
Director

Statutory Auditors
Kalyaniwalla & Mistry

Company Secretary
Mr. Jayesh M. Trivedi

Regd. Office & Shipping Division
Ocean House, 134/A, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.
Tel.: 022-56613000

Offshore Division
Energy House, 81, D.N. Road,
Mumbai - 400 001.
Tel.: 022-56352222

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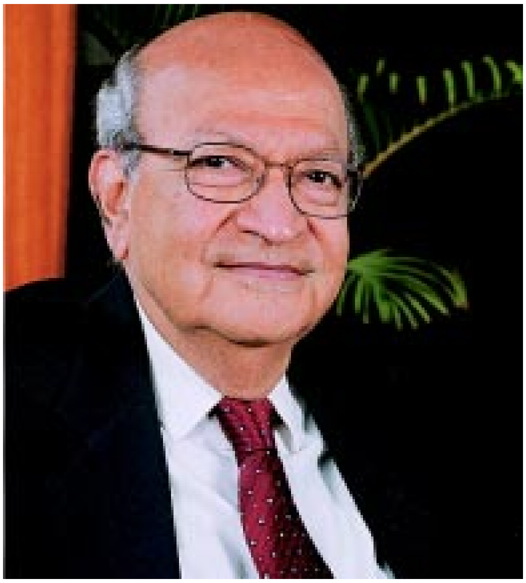
Chairman's Statement



Dear Shareholders,

It is my proud privilege to report yet another record year – the fifth in a row of unprecedented financial performance. For the year, your Company earned 43.80% return on average shareholder funds.

The financial year 2004-05, registered a total income of Rs. 2119 crores and net profit of Rs. 809 crores. Your Company declared a final dividend of Rs. 3 per share which, combined with two interim dividends of Rs. 3.50 and Rs. 2.50 declared earlier during the year, aggregates to a total dividend of Rs.9 per share for the year resulting in payment of Rs. 194 crores (inclusive of tax thereon).

The year was undoubtedly the "year of the ship owners" with demand driving freight rates across all segments of shipping. Whilst tanker freight rates registered new highs as a result of very steep rise in global oil demand (highest in the past 2 decades), dry bulk rates were driven by China's seemingly insatiable appetite for raw materials. Rising oil and gas prices saw increased interest in Exploration and Production activities resulting in higher utilisation of offshore assets.

The improved performance of your Company is a result of management's ability to consistently identify opportunities and adopt appropriate business strategies to create long-term value. The unstinted support of officers and crew on board our floating assets ensured seamless integration and implementation of these strategies. The Management Discussion and Analysis section gives an in depth overview of your Company's business performance during the year.

Global demand for oil and commodities varies over time and this subjects freight rates to volatility. Your Company appreciates this cyclical nature of the industry and recognises the challenge of continuing to achieve superior returns by prudently managing commercial and financial risks. Your Company's financial strength is the foundation of the trust that your Company enjoys amongst all its stakeholders.

As a responsible corporate supporting the key principles underlying good corporate governance your Company continues to focus on health, safety and quality with an emphasis on adoption of clean environment systems. Your Company has created a successful and sustainable business model and remains committed to enhancing shareholder value, consistently delighting its customers through service excellence and creating growth opportunities for its employees.

While market conditions remain challenging in view of relatively less favourable global conditions, we look forward to the future with confidence.

With warm regards,

K. M. Sheth
Executive Chairman

Mumbai : April 29, 2005

Mr. K. M. Sheth, Executive Chairman receiving the "Fastest Expanding Indian Shipping Company" award bestowed on the Company by the National Maritime Day Celebrations Committee.
The Company received this award for the 2nd consecutive year in a row.

42nd National Maritime Day - 2005

Award for the

Fastest Expanding Indian Shipping Company

Presented to

THE GREAT EASTERN SHIPPING COMPANY

On
05th April, 2005

National Maritime Day Celebrations Committee (Central), Mumbai.

PH Krishnan
Member Secretary &
Dy. Director General of Shipping

Naresh Salecha
Vice Chairman &
Sr. Dy. Director General of Shipping

G.S. Sahni, IAS
Chairman &
Director General of Shipping

Director's Report

forethought wins...

Directors' Report

The Directors present the 57th Annual Report on the business and operations of your Company and Audited Accounts for the financial year ended March 31, 2005.

FINANCIAL PERFORMANCE

Your Company has for the 5th year in succession achieved record profits :

(Rs. in lakhs)

		2004-05		2003-04
Total Income		**211923**		142635
Total Expenditure		**132805**		93451
Profit before tax		**79118**		49184
Less/(Add) : Provision for Tax :				
– Current	**2220**		2700	
– Deferred	**(4738)**		263	
		(2518)		2437
Profit for the year after tax		**81656**		46747
Less/(Add) : Prior years Adjustments		**777**		366
		80879		47113
Less : Transfer to Reserve under Section 33 AC of the Income Tax Act, 1961		**–**		24000
Transfer to Tonnage Tax Reserve Account under Section 115VT of the Income Tax Act, 1961		**15000**		–
		65879		23113
Add : Transfer from :				
– Investment Allowance Reserve	**–**		279	
– Reserve under Section 33 AC of the Income Tax Act, 1961	**14500**		12500	
– Debenture Redemption Reserve	**1900**		–	
		16400		12779
		82279		35892
Add : Surplus brought forward from previous year		**9388**		8116
		91667		44008
Appropriations				
– Transfer to Debenture Redemption Reserve	**–**		2275	
– Transfer to Capital Redemption Reserve	**7500**		–	
– Transfer to Exchange Fluctuation Reserve	**–**		2500	
– Transfer to General Reserve	**30000**		15000	
– Interim Dividend on Preference Shares	**253**		788	
– Interim Dividend on Equity Shares	**11421**		4758	
– Proposed Dividend on Equity Shares	**5710**		7613	
– Tax on Dividend	**2327**		1686	
		57211		34620
Balance Carried Forward		**34456**		9388

The total income for the year was recorded at Rs. 211923 lakhs as against Rs. 142635 lakhs in the previous year and a Net Profit of Rs. 81656 lakhs as against Rs. 46747 lakhs in the previous year. The Shipping Division contributed around 79.18% (previous year 71%) to the Company's income while the Offshore Division contributed around 16.42% (previous year 23%).

TONNAGE TAX

During the year "Special Provisions Relating to Income of Shipping Companies" under a new Chapter XII – G of the Income Tax Act, commonly known as Tonnage Tax regime, was introduced. This regime aligns the income tax incidence on Shipping incomes to levels applicable to most of the global shipping tonnage. Your Company has opted to subject itself to this new regime.

DIVIDEND ON PREFERENCE SHARES

As per the terms of issue of Preference Shares, an interim dividend of 10.5% on Redeemable Cumulative Preference Shares of Rs. 7500 lakhs amounting to Rs. 286 lakhs including tax on dividend was declared and paid for the period April 1, 2004 upto the date of redemption of the said shares as per the terms of issue.

DIVIDEND ON EQUITY SHARES

During the year, the Board declared and paid 2 interim dividends of Rs. 3.50 per share and Rs. 2.50 per share on 19,03,39,975 equity share(s) of the Company amounting to Rs. 12913 lakhs including tax on dividend.

Your Directors recommend a final dividend of Rs. 3/- per share amounting to Rs. 6511 lakhs including tax on dividend (previous year Rs. 4/- per share).

The final dividend will be paid after your approval at the ensuing Annual General Meeting. The aggregate outflow on account of the equity dividend for the year @ Rs. 9/- per share would be Rs. 19424 lakhs including tax on dividend. This represents a payout ratio of 24.10% (previous year around 30.20%).

CAPITAL STRUCTURE

PREFERENCE CAPITAL

During the year your Company exercised the call option to redeem the 7,50,00,000, 10.5% Non-Convertible Redeemable Preference Shares of Rs. 10/- each. Accordingly, the Company redeemed 5,50,00,000 Preference Shares on July 21, 2004 and the balance 2,00,00,000 Preference Shares on August 13, 2004.

EQUITY CAPITAL

During the year the Company allotted 12,960 equity shares of Rs. 10/- each out of the 6,49,621 Rights Equity Shares held in abeyance pursuant to the order received from The Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992. With this the paid up capital of the Company stands at Rs. 1,90,33,99,750 divided into 19,03,39,975 equity shares of Rs.10/- each.

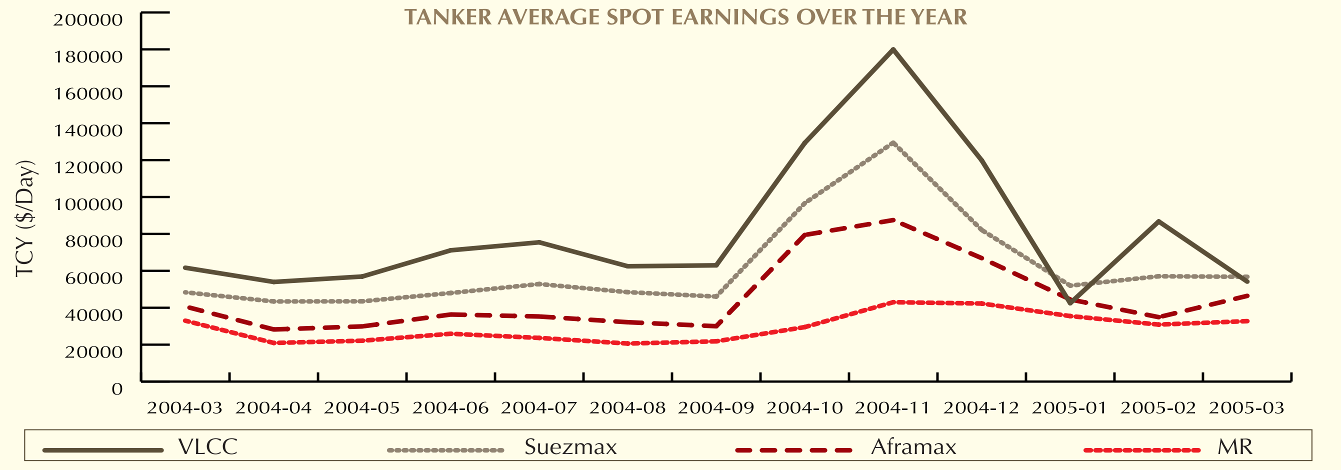
MANAGEMENT DISCUSSION AND ANALYSIS

SHIPPING DIVISION

In FY 2004-05, the Shipping Division recorded a total income of Rs. 167803 lakhs (previous year Rs. 101385 lakhs) and earned a PBIDT of Rs. 99642 lakhs (previous year Rs. 55009 lakhs).

TANKER BUSINESS

MARKET TREND AND ANALYSIS



Source : Clarksons

Tanker average spot earnings over the year

Following on the heels of a strong FY 04, FY 05 was an exceptionally profitable year for tanker owners. Oil demand went up by about 2.7 million barrels per day (mbd) in 2004 (about 3.4%), translating to a 7-8% increase in tonne-mile demand. The tanker fleet grew by approximately 17 mn dwt (about 5.5%). This resulted in higher tanker utilisation rates, and therefore higher spot earnings.

With production capacity already stretched by strong demand from China and the US, the trigger for higher freight rates was provided by disruptions to the supply chain.

With utilisation running at high levels, the demand-supply relationship was finely balanced, leading to a very high level of volatility. VLCC spot rates, for instance, ranged between WorldScale (WS) 60 (Time Charter Equivalent, or TCE, approx. USD 28,000/day) and WS 345 (TCE approx. USD 225,000/day) during the year.

Towards the end of 2004 and into the New Year, the markets continued to take everyone by surprise. After the highs of WS 345 in mid-November, earnings softened dramatically in December, with a 10th December OPEC decision to cut output by 1 mbd from January reportedly acting as the trigger. Freight rates dropped 75% from WS 300 to WS 75 in the last three weeks of December, even though nothing seemed to have changed fundamentally.

The average OPEC oil production in 2004 totalled about 29.1 mbd, up 2 mbd as compared to 2003.

Currently, OPEC oil production, including Iraq, is estimated to be close to 29.5 mbd, substantially above its quota and the year ago level.

COMPANY PERFORMANCE

The tanker business accounted for around 80% of the division's revenues and operating profits.

In FY 2004-05, VLCCs earned an average TCY of USD 69,900/day (Previous year USD 67,400/day), Suezmaxes earned an average of USD 50,300/day (USD 39,600/day), and Aframaxes earned USD 20,500/day (USD 18,900/day), while the product carriers earned an average TCY of USD 16,200/day (USD 13,026/day). The improvement in crude earnings was in part due to the very strong spot markets seen in the year. The improved product earnings were mainly on account of period charters being renewed at higher levels, and firmer spot markets. Your Company's two LPG carriers earned an average TCY of USD 16,600/day (USD 16,975/day).

A large part of the improvement in operating results was due to the increase of about 17% in operating days, thanks to the addition of several vessels during FY 04 and FY 05.

Around half of the total tanker earnings was derived from period charters. With this proportion of the tankers fixed on period charters, and the markets being buoyant, the TCYs earned by your Company were somewhat less than the spot earnings. However, this was part of the conscious decision by the management to de-risk the earnings.

TANKER FLEET CHANGES

The Company's tanker fleet increased by 0.5 mn dwt to 2.67 mn dwt during the FY 2004-05.

During the year, your Company took delivery of its second VLCC, 'Ardeshir H Bhiwandiwalla', in June 2004, and increased its presence in the Gas Carrier segment with the acquisition of 'Jag Viraj' in October 2004.

Your Company also acquired a single hull Aframax tanker, 'Jag Labh', in February 2005.

Besides the above, your Company took delivery of two newly-built double hull tankers, the MR product tanker 'Jag Pahel' in October 2004 and the Suezmax tanker, 'Jag Lok' in March 2005. The contracts for purchase of these tankers had been entered into in previous financial years.

Your Company also sold one Aframax tanker 'Jag Larjish' in December 2004. After the end of the financial year, the Company also contracted to sell one of its VLCCs, the 'Vasant J Sheth'. The vessel will be delivered to the buyers in the first quarter of FY 2005-06.

During FY 2004-05, your Company placed orders for three MR product tankers, all three of which are to be delivered in 2007. Of these, two will be with the Ice-class 1A notation.

The current tanker fleet of your Company stands at 33 tankers aggregating 2.67 mn dwt, with an average age of 12.8 years. 33% of this fleet is double-hulled, while 64% of the world tanker fleet is double-hulled.

OUTLOOK FOR THE TANKER MARKET

Based on IEA projections of a 2.2% growth in oil demand, we expect that the incremental demand for tankers will be approximately 4%. With a total of 31 mn dwt of tankers to be delivered in 2005, and 10 mn dwt of scrapping expected, the net fleet growth in tankers in 2005 would be about 6-7%, with fleet utilisation likely to drop to around the levels seen in 2003. We therefore expect that average spot rates, though healthy, will be lower than those in the previous year. However, with the demand for and supply of ships in a tight balance, any supply side disruptions or a greater than anticipated demand could significantly improve earnings.

The tanker orderbook currently stands at about 87.7 mn dwt, or 27% of the fleet, at the end of March 2005.

DRY BULK BUSINESS

MARKET TREND AND ANALYSIS

Dry bulk average earnings over the year

As in 2003, the dry-bulk markets were almost entirely driven by the Chinese demand for commodities. Chinese imports of iron ore were up an astounding 60 million tons (mt) over the 2003 level of 149 mt, as steel production moved up 50 mt to 272 mt in 2004. The overall increase in tonne-mile demand for bulkers in 2004 is estimated at about 10%. Against this, the supply of dry-bulk carriers went up by only about 5%, resulting in substantial tightening in utilisation levels.

This utilisation rate is reflected in the very strong earnings, with Panamax and Handymax spot averages up 75% and 90% to USD 35,000/day and USD 28,000/day respectively.

The markets saw a steep fall in the first quarter of financial 2004-05, when China slowed down iron ore imports in an attempt to remove logistical bottlenecks. Between mid-April and mid-June, Panamax spot rates halved from USD 40,000/day to less than USD 20,000/day. These subsequently recovered by mid-July, as China re-started its imports.

COMPANY PERFORMANCE

The dry bulk fleet contributed around 20% of the division's revenues and operating profits. The average TCY for dry bulk vessels was approximately USD 19,200/day as compared to USD 10,461/day in the previous year.

The current dry bulk fleet stands at 9 vessels aggregating 0.34 mn dwt.

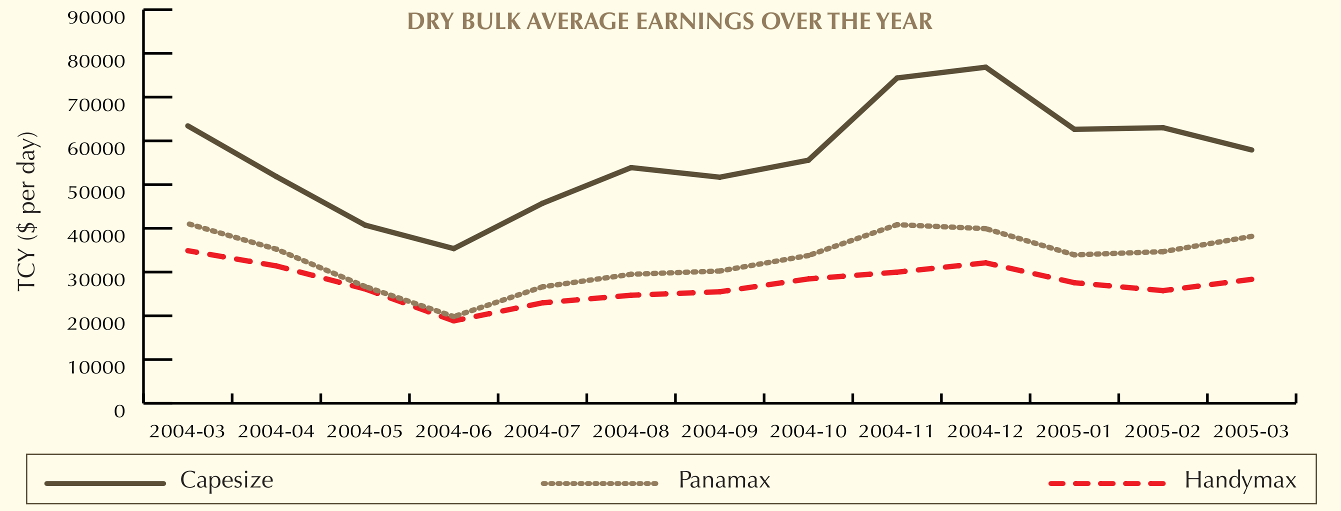
DRY BULK FLEET CHANGES

With an endeavour to increase its presence in the dry bulk segment, your Company acquired two Handysize bulk carriers 'Jag Radha' and 'Jag Rupali' in May 2004.

In addition to the above, your Company has contracted to acquire three modern Handymax bulk carriers to be delivered during May-June 2005.

The Company sold its last remaining mini bulk carrier, 'GE 3', in June 2004.

With these acquisitions, the dry bulk fleet would consist of 12 vessels totalling 0.48 mn dwt, with an average age of 16.3 years.



Source : Clarksons

OUTLOOK FOR THE DRY BULK MARKET

With the world economy projected to grow by 3-4% in 2005, led by an 8-9% growth in China, demand for movement of dry bulk commodities is expected to be strong. Incremental demand for dry-bulk vessels is expected to be about 5-6%. A total of 22 mn dwt (or almost 7%) is due for delivery in 2005, and strong earnings are expected to keep scrapping to a minimum. Freight rates are therefore expected to be healthy.

The dry bulk vessel orderbook stands at about 71.6 mn dwt, or about 22% of the existing fleet, at the end of March 2005.

With the Chinese government continuously monitoring the economy for signs of over-heating and ready to step in to prevent a later 'hard landing', China remains the biggest risk factor by far for the dry-bulk markets.

ASSET VALUES

Asset values in both tanker and dry-bulk sectors moved to levels never seen before. These were driven by both demand and supply-side factors. As earnings stayed strong, cash-rich owners looked to expand their tonnage, leading to higher demand for ships.

Supply from yards seemed to have dried up as yards were reported to be fully booked well into 2007. In addition, yards were also hurting from the hike in prices of steel, and therefore hiked their prices to compensate for this.

Modern tankers saw an increase of between 40 and 50% in second-hand values over the year 2004, while modern dry-bulk carriers gained about 35-40% in value during the same period. Older tankers doubled in value over the year, while 80s-built bulkers also saw some increase in value.

New-building prices went up by about 30-40%, during the year, breaking previous price records.

As a result of the above, the value of your Company's fleet has gone up substantially over the year. There is also a significant unrealised gain in the total value of the outstanding newbuilding contracts.

LNG

Transportation of LNG as a business has lot of growth potential and your Company would like to participate in this business. Accordingly, during the year the Company had in consortiums with foreign partners participated in the Pre-Qualification LNG tender floated by Petronet LNG Ltd. for time charter of LNG tankers for the supply of LNG to its Dahej and Kochi Terminal. The Consortiums of which the Company is a member have been pre-qualified to bid under the said tender.

RISKS AND CONCERNS OF THE SHIPPING DIVISION

Economic risk

Shipping is a global business whose performance is closely linked to the state of the global economy. Therefore, any slowdown of the pace of growth globally, especially in the major economies like the US and China, could negatively impact the earnings of the Division. Your Company has attempted to hedge some of this risk by entering into time charters for part of its fleet. For the year 2005-06, approximately half of the Shipping Division's operating days has been covered in this manner.

High proportion of single hull tankers in the fleet

As stated above, only 33% of your Company's tanker fleet is double-hulled. The single hull tankers in the fleet could be vulnerable to any further changes in regulations that may take place.

Shipboard personnel

Indian officers continue to be in great demand all over the world. Given that Indian regulations specify that your Company can only employ Indian seafarers, and the unfavourable tax status conferred on a seafarer sailing on Indian-flagged vessels, it is becoming increasingly difficult for your Company to source officers capable of meeting the modern day challenges of worldwide trading. This is more relevant for tanker personnel and may become a hindrance to growth.

OFFSHORE DIVISION

In FY 2004-05, the offshore division recorded a total income of Rs. 34799 lakhs (previous year Rs. 32197 lakhs) and earned a PBIDT of Rs. 15889 lakhs (previous year Rs. 15825 lakhs).

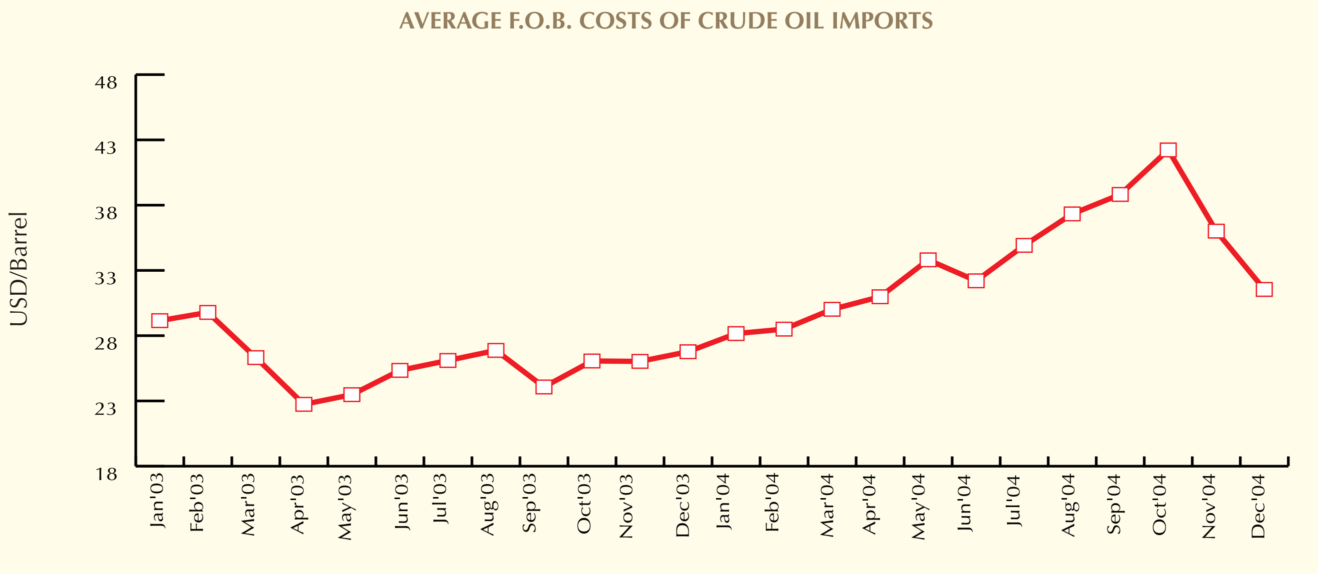
GLOBAL DEVELOPMENTS

The year saw an unprecedented and sustained rise in crude oil prices to USD 57 plus per barrel.

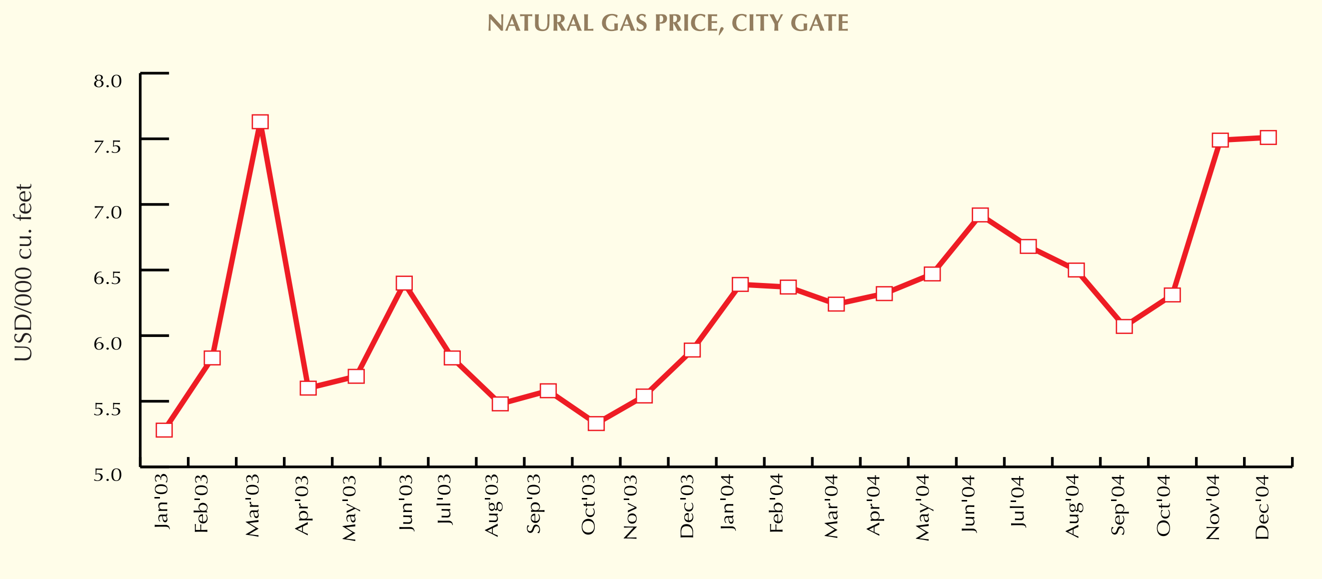
The disconnect between exploration and production activities that has been witnessed over the past few years faded away given the sustained increase in the hydrocarbon prices. The E & P operators seemed to be convinced that the revised prices were here to stay in the medium term and therefore was a growing need for reserve accretion, which resulted in improved E & P activities.

This was evidenced by the increase in the number of offshore wells drilled. By March 2005 rig utilisation rates were close to 88% as against around 80% in March 2004.

Global drilling activities outperformed most performance predictions leading to a rise in E&P investments. Apart from that, increasing oil demand, depleting oil reserves, and also downward revision of oil reserves by several oil companies fuelled the need to find more oil and gas.



Source : EIA



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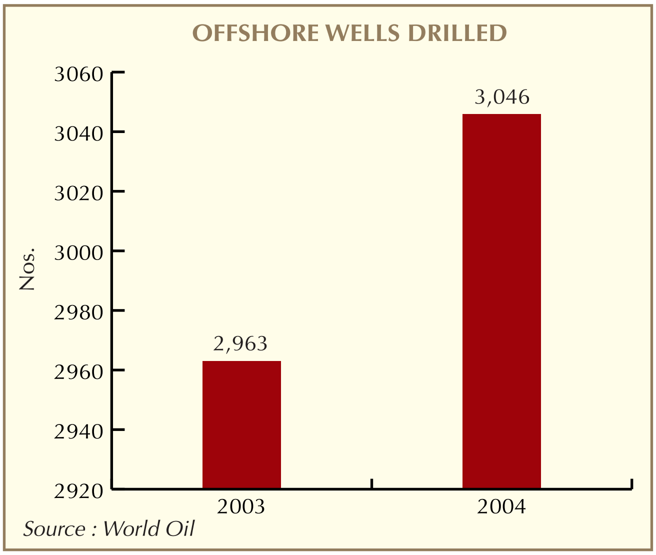


Support vessels also witnessed strong growth in activities this year. This situation has come against the backdrop of an ageing worldwide OSV fleet, averaging 20 years plus. This, coupled with stringent requirements by oil companies on various technical specs, including age, has resulted in withdrawal of vessels from the active fleet.

DOMESTIC DEVELOPMENTS

During the year, Asia, and predominantly India, played a crucial role in the E&P arena. The ever-widening gap between demand and supply of oil resulted in the Government of India placing greater emphasis on oil security.

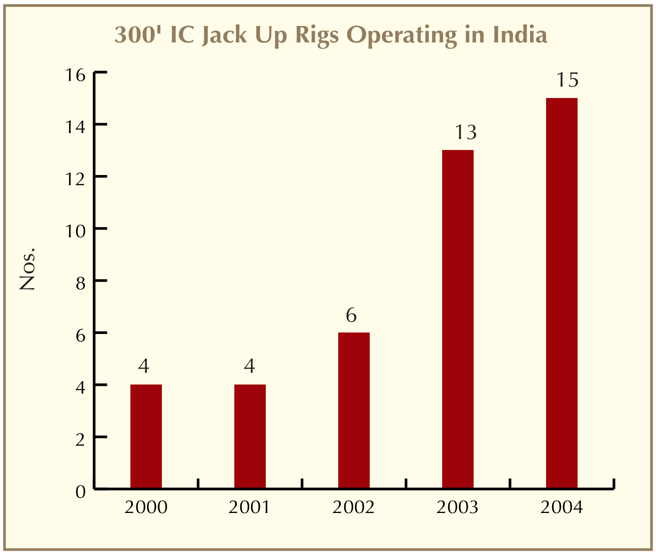
Government of India's effort to conclude NELP-V within 4 months indicates the criticality of the problem and the responsiveness of Government. NELP-V, comprising of 20 exploration blocks (8 being offshore) is slated to conclude by end of May 2005. In order to broad base the participation, the Government of India has eased other eligibility norms as well.

ONGC, India's largest E&P company has launched the world's largest data acquisition programme, a prerequisite to drilling activities.

Many upstream oil companies including ONGC, Reliance and GSPCL have reported significant gas discoveries in the offshore oil fields. Furthermore, ONGC's "Sagar Samriddhi" project has made significant gas discovery in the deep waters of the KG Basin.

DRILLING ACTIVITIES

During the year the charter hired rigs operating on the Indian coast increased by about 9%, to 25. Availability of suitable drilling rigs is a cause of concern for this sector and many operators had to partially defer their drilling programmes.



MARINE CONSTRUCTION

The year witnessed a rise in offshore marine construction activities. Tenders for various projects, both on turnkey basis or otherwise, were floated during the year. The scope of work required, *inter alia,* setting up of process platforms, well head platforms, modifications to the existing platforms for oil production enhancement, replacement of sub sea pipes, both of crude and water injection, and others. This required balancing of multidiscipline project management skills. A few tenders relating to modification jobs to conform to the latest environmental, safety and security regulations were also floated.

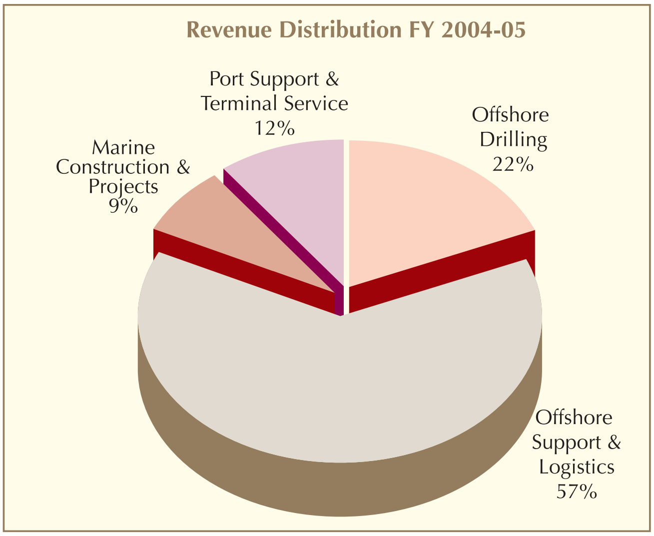
OFFSHORE SUPPORT VESSEL SERVICES

Given that the drilling and marine construction activities were on the rise, the offshore support services business followed suit. The offshore support service vessels working within the country increased by approximately 16%, and currently around 45 to 50 vessels (excluding ONGC-owned) are operating in India.

PORT AND HARBOUR TUG SERVICES

Global economic growth - and hence higher volume of international trade - resulted in increased international sea borne trade across all sectors. Cargo traffic handled at Indian ports during 2004-05 was about 384 mt, an increase of around 11% over the previous year. Considerable private investment has been flowing into the Indian port sector resulting in creation of greater cargo handling capacity and a vibrant port sector.

COMPANY PERFORMANCE



OFFSHORE DRILLING SERVICES

Two of your Company's drilling rigs were under time charter with ONGC . The average utilisation was 88% up by 14% with day rates being flat.

"Badrinath" has been on charter to ONGC from September 2003 through your Company's wholly owned subsidiary, Deep Water Services (India) Ltd. While she was waiting for weather, she sustained damage due to severe weather conditions at an ONGC location in offshore western India, and was not operating for 86 days. Repairs have been carried out and the rig is fully operational. The insurers have already settled the claim towards the damage sustained on the rig.

The jack-up rig, "Kedarnath", completed the contract with ONGC in March 2005. The rig has since then proceeded for statutory dry dock, special survey and refurbishment. The rig has secured a 3-year contract with ONGC commencing October 2005.

MARINE CONSTRUCTION PROJECTS AND SERVICES

"Gal Constructor", your Company's construction barge, showed an improved utilisation of 92% during this financial year as compared to 86% in the previous year. During this financial year the barge operated even during the monsoon for around 88 days. This is an additional utilisation as, historically, the operating days did not include the non operational period of monsoon. The barge was deployed in the Indian and Middle East waters.

ONGC has awarded a contract to your Company to install 3 main oil pumps on BHN process complex along with the entire gamut of activities - piping, instrumentation and electricals.

OFFSHORE SUPPORT AND LOGISTICS SERVICES

The average utilisation of offshore support vessels was 86% (previous year 86%). The year under review saw a marginal rise in average day rates.

PORT AND TERMINAL SERVICES

During the year, the harbour tug fleet saw a utilisation of around 90% as against 83% in the last financial year though there was a 9% drop in average day rates.

FLEET PROFILE

During the year 2004-05, your Company placed orders for 2 new building AHTSVs that are expected to be delivered in March and June 2006 respectively, and 2 PSVs expected to be delivered in June and August 2006 respectively.

During the year, your Company took delivery of a new building PSV named "Malaviya Twenty" built in Norway and sold 2 OSVs. Subsequently, in April 2005, a newly built AHTSV "Malaviya Twenty One" was delivered to the Company.

The current offshore fleet stands at 31 vessels (2 exploratory rigs, a construction barge, 17 offshore support vessels and 11 harbour tugs).

OUTLOOK FOR INDIA'S OFFSHORE SERVICES

The renewed thrust on exploration and development by oil companies operating in India would create newer opportunities. Stronger balance sheets, improved cash flows of the oil companies and a matching regulatory regime with a clearly defined focus from the Government towards oil security would ably support this business.

In the interim, till exploration activity results in new production coming on stream, ONGC is expected to award projects, such as the revamping of 26 platforms in Mumbai High, in order to enhance the existing level of production.

The Indian Port and harbour tug business will continue to be satisfactory.

RISKS AND CONCERNS OF THE OFFSHORE DIVISION

Ageing fleet

The two rigs and your Company's older supply vessels, are a cause for concern with regard to their acceptability with a few charterers. Your Company is aware of this and has inducted newer supply vessels, which are technologically advanced with superior features and are also geared to cater to the deep water exploration activities. Apart for this, your Company has on order 7 new support vessels that are expected to join the Company's fleet in next two years. This new building programme will not only revamp the existing fleet but also ensure technological upgradation to meet the charterers' requirements.

Periodic upgradations of your Company's existing rigs is a normal activity and forms a part of planned maintenance programme.

Increased presence of foreign flag vessels

With the softening of the global E&P market over the past few years, several foreign players have entered the Indian market, which they found comparatively more promising. However, the growth in activities has not kept pace with the number of new entrants into the Indian market.

However, due to its fleet reorientation plan and domain expertise, your Company is still comfortably placed in the domestic waters. Your Company has also leveraged its international experience with global players in the North Sea and Middle East markets to increase its presence in more international markets.

FOREIGN EXCHANGE RISKS

Being a global service provider the Company bills most of its customers in U.S. Dollars and therefore receives most of its revenues in that currency. As a result the Company is exposed to the risk to revenue from fluctuations in the rupee:dollar parity. To some extent the Company enjoys a natural hedge as a significant portion of the operating expenses are incurred in foreign currency. However, there still is a large residuary exposure. This the Company actively manages by a) maintaining its debt obligations too in U.S. Dollars and b) using hedge products like forward rate contracts and options at opportune times.

As on March 31, 2005 the Company had sold its future revenues aggregating U.S. Dollars 135.5 mn.

SAFETY

A long voyage of over 5 decades has seen your Company carry the Safety Flag high across oceans and across boundaries. Quality, integrity and safety has been core to the Company. The Company's success in ensuring that quality is ingrained in its corporate culture & ethos has enabled certification from oil majors on our ships. Your Company consistently strives to adhere to the highest quality standards and is an industry leader in its own right for the efforts and initiatives taken.

In the Maritime industry, your Company today is facing much stricter regimes where Safety and Environmental concerns are taking everyone's attention and it is desired by all stakeholders in the shipping industry that all possible measures are taken to enhance Safety, and reduce damage to Environment by following the best practices available to us.

The International Safety Management (ISM) Code was introduced in 1998 that was expected to achieve the objectives of promoting safety on board and protect the marine environment. Today conformance to ISM Code, which is mandatory, is considered the minimum level of conformance to the objectives set forth by regulatory and statutory bodies as well as our valued clients such as oil majors.

The Company's success at achieving the highest quality standards is a hallmark of its operations ensuring high operational reliability. The entire route of the hydrocarbon chain is critically tracked through communication network and constant interaction with ship staff. Updates at any point of time are available and this reflects in high credibility that your Company enjoys with its charterers.

Having taken steps towards achieving the objective of continual improvement, your Company is now poised to move towards documenting Integrated Management System that will document all practices. This would be then followed by implementation on pilot vessels and then the certification.

ON-BOARD TRAINING

Ever increasing number of safety, environment and security stipulations have significant consequences both on sea and on shore. The ships depend on shore based support in times of high criticality. In order to ensure that your Company's assets are in right and safe hands your Company institutes various training programmes to meet the need of time.

In order to bring the training of seafarers closer to their work-field, your Company initiated on-board training on its vessels. This training is in addition to the on-shore training that was already being conducted earlier. A detailed on-board training programme has been put in place based on various modules that dwell upon safety, environmental issues, port state control inspections, oil major vetting inspections, new regulations and their requirements, technical training, critical operations on board etc. to name a few. To cover these modules, two trainers who are no less than the ranks of ex-Master Mariner and ex-Chief Engineer sail on the vessel for a period of 8-10 days.

There has been a very encouraging response not only from shipboard officers but also from oil majors on the topics covered during training. In last financial year, the Company has covered 11 ships. A total of 416 officers and ratings have been trained by way of on-board and on-shore training.

EXPANSION DURING THE YEAR

Your Company has continued with the expansion and modernisation drive taken up since last year. The Company during the year acquired both new building as well as second hand vessels and increased its tonnage to 3.02 mn dwt (2.47 mn dwt previous year), an increase of 22.27%. The Company has acquired 8 vessels during the year and sold 4 vessels. The total fleet strength stands at 72 vessels (42 ships and 30 offshore vessels). With 13 vessels under construction, agreements for acquisition of 3 second hand vessels and committed capex in new building of about Rs. 144396 lakhs the Company is all set to join the league of major international shipping companies.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by your Company in accordance with the requirements of the accounting standards issued by The Institute of Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditors Report thereon forms part of the Annual Report.

The group recorded a consolidated net profit of Rs. 85388 lakhs for the year 2004-05 as compared to Rs. 81656 lakhs for the Company. The networth of the group as on March 31, 2005 was Rs. 225820 lakhs as compared to Rs. 226030 lakhs for the Company.

DEBT FUND RAISING

The year that went by saw great liquidity in the ship finance market. Hence, taking advantage of this and also the low interest rates, your Company raised Rs. 85565 lakhs as fresh borrowings through the external commercial borrowings route. In spite of this level of borrowings the Company's gross debt : equity ratio was 0.95 and net (of cash) debt : equity ratio was 0.48.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has instituted an internal control system commensurate with the nature of its business and the size of its operations. The internal audit is carried out by a firm of external Chartered Accountants and covers all the departments and key business areas of the Company. The audit process is undertaken under the supervision and guidance of the Audit Committee which comprise of three Independent Directors. All significant audit observations and action taken thereof are reported to this Committee. The Audit Committee met 5 times during the year under review.

IT INITIATIVES

Your Company in its drive towards administrative efficiencies through better systems and controls has completed a Systems Audit and has streamlined its processes to meet all requirements. During the year, your Company also re-engineered systems for seamless integration of data and is now implementing business intelligence tools. Your Company has set up a Disaster Recovery Data center at Hyderabad, which will be fully operational from June 2005. Currently this center is ensuring total backup of emails and programs. Database backup will be completed in May 2005.

HUMAN RESOURCES

It has been your Company's constant endeavor to train and develop the human resource to meet the challenges the Company faces. Your Company continues to induct competent professionals for its present and future needs. The Company provides excellent and challenging work atmosphere through various systems and process in place like induction, performance management and variable compensation to enable them to give their best. Training imparted is comprehensive covering knowledge, skill and attitude apart from the mandatory courses in safety and environment protection.

Your Company is the fastest growing Shipping Company in India and requires manpower from the floating side to man its fleet including new acquisitions. Presently, Shipping industry faces an acute shortage of manpower especially in the senior categories and the Company finds it difficult to get quality manpower. In order to ensure availability of best trained officers on board our ships, the Company has decided to have its own Training Institute to train cadets both on the deck side and engine side. This Training Institute will replace the Cadet Academy which the Company was running for training only deck cadets since last 25 years.

Your Company has a total employee strength of 272 on shore and 879 floating as on March 31, 2005.

SUBSIDIARY COMPANIES

The Great Eastern Chartering LLC (FZC) was incorporated as a wholly owned subsidiary of the Company on November 1, 2004 at Sharjah, United Arab Emirates. The Company has been incorporated with the aim of chartering in-chartered vessels. The subscribed capital of the Company is AED 150,000.

Its first financial year will close in March 2006. However, the accounts for the limited purpose of consolidation have been made for the period November 1, 2004 to March 31, 2005 and audited by Messrs Pannell Kerr & Forster, its auditors.

The Company acquired 13,52,350 equity shares of Rs. 10/- each in P & O Travel India Limited thereby increasing its stake to 63.62%, thus making it a subsidiary of the Company.

The audited statement of accounts along with the report of the Board of Directors relating to the Company's subsidiaries namely The Great Eastern Shipping Co. London Limited, The Greatship (Singapore) Pte. Limited, The Great Eastern (Fujairah) L.L.C.-FZC, Greatship (India) Limited, Deep Water Services (India) Limited and P & O Travel India Limited for the year ended March 31, 2005 are annexed.

DIRECTORS

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

CORPORATE GOVERNANCE

Your Company has complied with the mandatory provisions of Clause 49, relating to Corporate Governance, of the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance is included in the Annual Report.

DEMATERIALISATION OF SECURITIES

With a view to attract shareholders to dematerialise their shareholdings SEBI has rationalised the charge structure for the depository services whereby the Shareholders will not have to pay Demat Account opening charges, charges for credit of securities and the annual custody charges. Dematerialisation of securities therefore has become shareholder friendly. Shareholders who have not yet dematerialised their securities may now find the dematerialisation economical and beneficial. Those shareholders who wish to know more about the same may contact the Company's Registrar and Share Transfer Agents or the Share Department of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. in preparation of the annual accounts, the applicable accounting standards had been followed (alongwith proper explanation relating to material departures) and that there are no material departures;

ii. they have, selected the accounting policies and applied them consistently and made judgments 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 of the Company for that period;

iii. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis.

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

Pursuant to Notification No. GSR 1029 dated 31.12.1988 your Company is not required to furnish prescribed information regarding conservation of energy and technology absorption as Shipping Industry is not covered by the schedule to the said rules. The details of Foreign Exchange Earnings and Outgo are :

		Rs. in lakhs
(a)	Foreign Exchange earned and saved (on account of freight, charter hire earnings including foreign exchange savings of Rs. 61464 lakhs).	209071
(b)	Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships, interest payment.	93090

PARTICULARS OF EMPLOYEES

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 (Act), read with the Companies (Particulars of Employees) Rules, 1975, are annexed to this Report. Members are being provided with the Report and Accounts of the Company treating these as abridged accounts as contemplated by Section 219 of the Act. Members desirous of receiving the Statement pursuant of Section 217(2A) will be provided the same on receipt of written request from them.

AUDITORS

Messrs. Kalyaniwalla & Mistry, the Auditors of your Company, who hold office until the conclusion of the forthcoming Annual General Meeting being eligible, offer themselves for re-appointment.

AWARDS AND ACKNOWLEDGEMENTS

Mr. K. M. Sheth, Executive Chairman was bestowed the prestigious **"Varuna Award"** by the National Maritime Day Celebrations Committee in recognition of his unstinted and outstanding contribution to the Indian Maritime Industry.

For the 2nd consecutive year your Company was awarded "The Fastest Expanding Indian Shipping Company" by the National Maritime Day Celebrations Committee.

APPRECIATION

Your Directors express their sincere thanks to all customers, charterers, vendors, investors, shipping agents, bankers, insurance companies, protection and indemnity clubs, consultants and advisors for their continued support throughout the year. Your Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

Your Directors are grateful to the Government of India, Ministry of Shipping, Ministry of Petroleum & Natural Gas, Ministry of Finance, Directorate General of Shipping, Directorate General of Hydrocarbons, Department of Civil Aviation, Port Authorities, ONGC Ltd. and various other authorities for their co-operation. Your Directors look forward to their continued support.

For and on behalf of the
Board of Directors

K.M. Sheth
Executive Chairman

Mumbai, April 29, 2005

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that sound Corporate practices based on openness, credibility and accountability is essential to it's long term success. These practices will ensure the Company, having regard to competitive exigencies, conduct its affairs in such a 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 11 Directors as on March 31, 2005 with 7 Non-Working Directors.

During the year ended March 31, 2005, nine Board Meetings were held on April 30, 2004; June 25, 2004; July 30, 2004; August 27, 2004; October 2, 2004; October 29, 2004; November 26, 2004; December 16, 2004 and January 27, 2005.

Composition and other details of Company's Board is as follows :

Name of Director	Position	Board Meetings attended	Attendance at the last AGM held on June 25, 2004	No. of other Directorships*	Committee membership of other companies**	Committee Chairmanship of other companies
Mr. K. M. Sheth	Promoter, Executive Chairman	9	Yes	1	—	—
Mr. S. J. Mulji	Promoter, Executive Deputy Chairman	6	Yes	6	—	—
Mr. Vijay K. Sheth	Promoter, Managing Director	9	Yes	5	—	—
Mr. B. K. Sheth	Promoter, Managing Director	9	Yes	2	—	—
Ms. Asha V. Sheth	Promoter, Non-Executive Director	9	Yes	—	—	—
Mr. R. N. Sethna	Non Executive Independent Director	7	Yes	5	5	2
Mr. Manu Shroff	Non-Executive Independent Director & Chairman - Audit Committee	8	No	2	3	—
Mr. T. N. Pandey	Non-Executive Independent Director & Chairman - Investor Grievance Committee	5	Yes	1	3	2
Mr. Keki Mistry	Non-Executive Independent Director	6	No	14	9	3
Mr. Cyrus Guzder	Non-Executive Independent Director & Chairman - Remuneration Committee	8	Yes	7	4	2
Mr. Vineet Nayyar	Non-Executive Independent Director	8	Yes	4	—	—

* excludes directorships in private limited companies.

** includes memberships of only Audit, Remuneration and Shareholders Grievance Committees.

Board Meetings

The Company's Board Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All items on the Agenda are backed by comprehensive background information to enable the Board to take informed decision. Agenda papers are generally circulated seven working days prior to the meeting of the Board.

3. AUDIT COMMITTEE

The management is primarily responsible for the internal controls and the financial reporting process. The Board of Directors have entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial controls and reporting.

Terms of reference :

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on :
  - Any Change in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.
- Discussion with internal auditors on any significant findings and follow up thereon.
- 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.
- 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.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Composition of Audit Committee as on March 31, 2005

The Audit Committee, which was constituted in 1995 comprises of 3 Independent Directors. The Committee met 5 times on April 29, 2004; July 30, 2004; October 29, 2004; January 3, 2005 and January 27, 2005.

Composition	**Mr. Manu Shroff** Chairman	**Mr. R.N. Sethna**	**Mr. Keki Mistry**
Number of meetings attended	5	5	4

Mr. A.K. Parikh was a member of the Committee till the date of retirement (June 25, 2004).

Audit Committee Meetings are attended by the President – Corporate, Chief Financial Officer, representatives of Internal Audit Firm and Statutory Auditors. Whenever required the Managing Directors and other Senior officials of the Company are requested to attend the meetings. Mr. Jayesh M. Trivedi, Company Secretary is the Secretary of the Committee.

4. REMUNERATION COMMITTEE

Terms of reference :

The Remuneration Committee is empowered 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.

Composition of Remuneration Committee as on March 31, 2005

The Committee, which was constituted in 2000 comprises of 4 Independent Directors. The Committee met 4 times on April 12, 2004; April 29, 2004; July 22, 2004 and October 2, 2004.

Composition	**Mr. Cyrus Guzder** Chairman	**Mr. R.N. Sethna**	**Mr. T.N. Pandey**	**Mr. Manu Shroff**
Number of meetings attended	4	4	3	4

Mr. Jayesh M. Trivedi, Company Secretary is the Secretary of the Committee.

The Remuneration Policy

The Remuneration Committee of the Board is constituted in compliance with SEBI guidelines. The Committee is fully empowered to frame the compensation structure for the Whole-time Directors and review the same from time to time based on certain performance parameters, growth in business as well as profitability and also align the remuneration with the best practices prevailing in the industry.

Details of Remuneration paid/to be paid to all Directors

Name of Director	Salary* (Rs.)	Sitting Fees (Rs.)	Commission (Rs.)
Mr. K. M. Sheth	87,49,188	—	1,20,00,000
Mr. S. J. Mulji	84,98,360	—	1,20,00,000
Mr. Vijay K. Sheth	81,62,676	—	2,40,00,000
Mr. B. K. Sheth	82,64,510	—	2,40,00,000
Mr. Cyrus Guzder	—	65,000	12,50,000
Mr. Keki Mistry	—	50,000	12,50,000
Mr. Vineet Nayyar	—	40,000	12,50,000
Mr. T. N. Pandey	—	45,000	12,50,000
Mr. A. K. Parikh**	—	20,000	—
Mr. R. N. Sethna	—	80,000	12,50,000
Ms. Asha V. Sheth	—	50,000	12,50,000
Mr. Manu Shroff	—	85,000	12,50,000
Total	**3,36,74,734**	**4,35,000**	8,07,50,000

* Salary includes monetary value of perquisites.

** Was on the Board for part of the year.

- Commission is paid as determined by the Remuneration Committee based on certain performance parameters and profitability of the Company.
- Presently, the Company does not have a scheme for grant of stock options either to the Whole-time Directors or employees.
- The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings and payment of commission to them. The Company pays fees to a firm of solicitors and advocates of which a Non-Executive Director is a partner.
- As per the terms of remuneration of the Whole-time Directors approved by the shareholders at the Annual General Meeting held on June 25, 2004 the Remuneration Committee formulated a Retirement Benefit Scheme for the Whole-time Directors. The Scheme provides for provision of pension, medical reimbursements and other benefits to the retiring Whole-time Directors, accordingly on the basis of an actuarial valuation an amount of Rs. 1259 lakhs has been provided during the year for pension payable to the Whole-time Directors on their retirement. The Board approved Scheme has been made effective from January 1, 2005.

5. SHAREHOLDER/INVESTORS GRIEVANCE COMMITTEE

The Shareholder/Investors Grievance Committee oversees redressal of shareholders and investors grievances.

Terms of reference :

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

Composition of the Committee as on March 31, 2005

- The Committee, which was constituted in 2000 comprises of 3 Non-Executive Directors of which 2 are Independent Directors.

Mr. T.N. Pandey Chairman	Mr. Cyrus Guzder	Ms. Asha Sheth

- The Committee met once on April 29, 2004 and all the directors attended the same.
- Mr. A.K. Parikh was a member of the Committee till the date of retirement (June 25, 2004).
- Mr. Jayesh M. Trivedi, Company Secretary is the Compliance Officer of the Company.
- During the year under review, 70 complaints were received from investors which were replied / resolved to the satisfaction of the investors.
- 34 requests for transfer and 158 requests for dematerialisation were pending for approval as on March 31, 2005. These pending requests were duly approved and dealt with by the Company.

6. GENERAL MEETING

Location and time of Annual General Meetings:

Date & Year	Time	Location
June 25, 2004	3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai - 400 020.
July 24, 2003	3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai - 400 020.
July 25, 2002	3.00 p.m.	Nehru Centre, Dr. A.B. Road, Worli, Mumbai - 400 018.

- All resolutions moved at the last three Annual General Meetings were passed by a show of hands by requisite majority of members attending the meeting.
- No special resolutions were required to be put through postal ballot last year.
- At this meeting there are no Special Resolutions for which clause 49 of the Listing Agreement or Section 192A of the Companies Act, 1956 has recommended/mandated postal ballot.

7. DISCLOSURES

a) There were no transactions 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 the Company at large. However, the Company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transactions entered into with them.

b) There were no instances of non-compliances nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any statutory authority during the last 3 years on any matter related to capital markets.

8. MEANS OF COMMUNICATION TO SHAREHOLDERS

Half yearly report sent to each household of shareholders	No, as the Results of the Company are published in the Newspapers and Press Releases are also issued.
Quarterly, half yearly and annual results	Published in The Economic Times, Business Standard, Hindu Business Line, Free Press Journal, Maharashtra Times and Navshakti.
Whether Company displays official news, releases and presentations made to institutional investors or to the analysts on its website	Yes
Whether MD&A is a part of annual report	Yes

Website of the Company : **www.greatship.com**

Your Company's official press releases are available and archived on the corporate website www.greatship.com. Presentation made to Analysts, Institutional Investors and the media on the April 29, 2005, the day of declaration of the Annual Results for FY 05 have been posted on the website. The Shareholders and general public visiting the website have greatly appreciately the contents and user friendliness of the corporate website.

9. SHAREHOLDERS INFORMATION

Annual General Meeting

Date	Friday, June 24, 2005
Time	3.00 p.m.
Venue	Rama Watumal Auditorium, K.C. College, Churchgate, Mumbai – 400 020.
Dividend Payment Date	June 29, 2005
Date of Book Closure	June 14, 2005 to June 24, 2005 (both days inclusive)

Financial Calendar

1st Quarterly Result	last week of July, 2005
2nd Quarterly Result	last week of October, 2005
3rd Quarterly Result	last week of January, 2006
4th Quarterly Result	last week of April, 2006/first week of May, 2006

Listing on Stock Exchanges

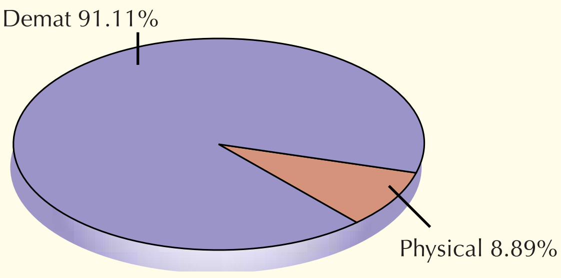
Stock Exchange	Stock Code	ISIN No.
The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 001	BSE 500620	INE 017A01024
National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai - 400 051	NSE EQ GE SHIPPING	INE 017A01024

Global Depository Receipts	Non-Convertible Debentures
Luxembourg Stock Exchange Kredietbank S.A. Luxembourgeoise Societe Anonyme 43, Boulevard Royal L-2955 Luxembourg, R. C. Luxembourg B 6395	Wholesale Debt Market – National Stock Exchange Exchange Plaza Bandra Kurla Complex, Bandra (E) Mumbai - 400 051

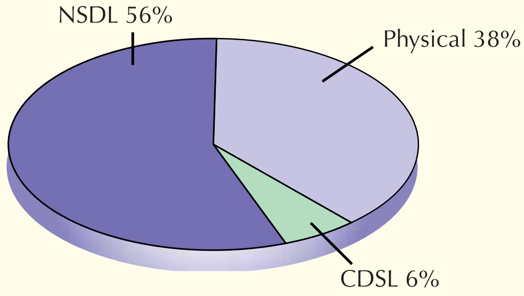
Share Transfer Agents	Share Transfer System
Sharepro Services (India) Pvt. Ltd. Satam Estate, 3rd Floor Above Bank of Baroda Cardinal Gracious Road Chakala, Andheri (East) Mumbai - 400 099 Tel : 022-28215168, 28329828 Fax : 022-28375646 Email : sharepro@bom7.vsnl.net.in	Share Transfer requests received 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.

Dematerialisation of Shares

Shareholding - Demat & Physical form



Shareholders holding shares in Demat and Physical form



Outstanding GDR's

239499 GDR's are outstanding as on March 31, 2005.

Plant Location

The Company has no plants.

Address for Correspondence

Company	Transfer Agent
Share Department Ocean House 134-A, Dr. Annie Besant Road Worli, Mumbai - 400 018 Tel : 022-56613000/2492 2200 Fax : 022-24925900 Email : shares@greatship.com	**Sharepro Services (India) Pvt. Ltd.** Satam Estate, 3rd Floor Above Bank of Baroda Cardinal Gracious Road, Chakala Andheri (East), Mumbai - 400 099 Tel : 022-28215168, 28329828 Email : sharepro_gesco@roltanet.com

ADDITIONAL SHAREHOLDERS INFORMATION

Unclaimed Dividends

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years automatically get transferred to the Investor Education and Protection Fund administered by the Central Government. Table 1 gives the dates of dividend declaration or payment since 1998 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1998.

A total amount of Rs. 56,00,846/- being unclaimed 43rd and 44th (interim) dividends were transferred during the year to the Investors Educaton and Protection Fund established by the Central Government under Section 205 C of the Companies Act, 1956.

Electronic Clearing Services (ECS) for Payment of Dividend

ECS facility is presently available at Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune. To avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment, shareholders are requested to avail of ECS facility - where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. The ECS application form can be obtained either from Registrars Office or the Registered Office of the Company.

Shareholders located in places where ECS facility is not available, may submit their bank details. This will enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.

Shares held in dematerialised form

Shareholders holding shares in dematerialised form may note that :

- Instructions regarding bank details which they wish to have incorporated on their dividend warrants must be submitted to their depository participants. As per the regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.
- Instructions already given by them for shares held in physical form will not automatically be applicable to the dividend paid on shares held in electronic form.
- Instructions regarding change of address, nomination and power of attorney should be given directly to the depository participants. The Company cannot entertain any such requests directly from the shareholders.
- The Company provides ECS facility for shares held in electronic form and for reasons mentioned earlier, shareholders may wish to avail of this facility.

Table 1

DATES OF TRANSFERRING UNCLAIMED DIVIDEND TO THE CENTRAL GOVERNMENT				
Year	**Dividend No.**	**Type**	**Date of Declaration**	**Date of Transfer to Central Government**
1998	44	Final	03.08.1998	14.09.2005
1999	45	Final	30.07.1999	10.09.2006
2000	46	Interim	23.03.2000	04.05.2007
2001	47	Final	26.07.2001	25.08.2008
2002	48	Final	25.07.2002	24.08.2009
2003	49	Final	24.07.2003	23.08.2010
2004	50	Interim	30.01.2004	01.03.2011
2004	50	Final	25.06.2004	25.07.2011
2005	51	1st Interim	29.10.2004	28.11.2011
2005	51	2nd Interim	27.01.2005	26.02.2012

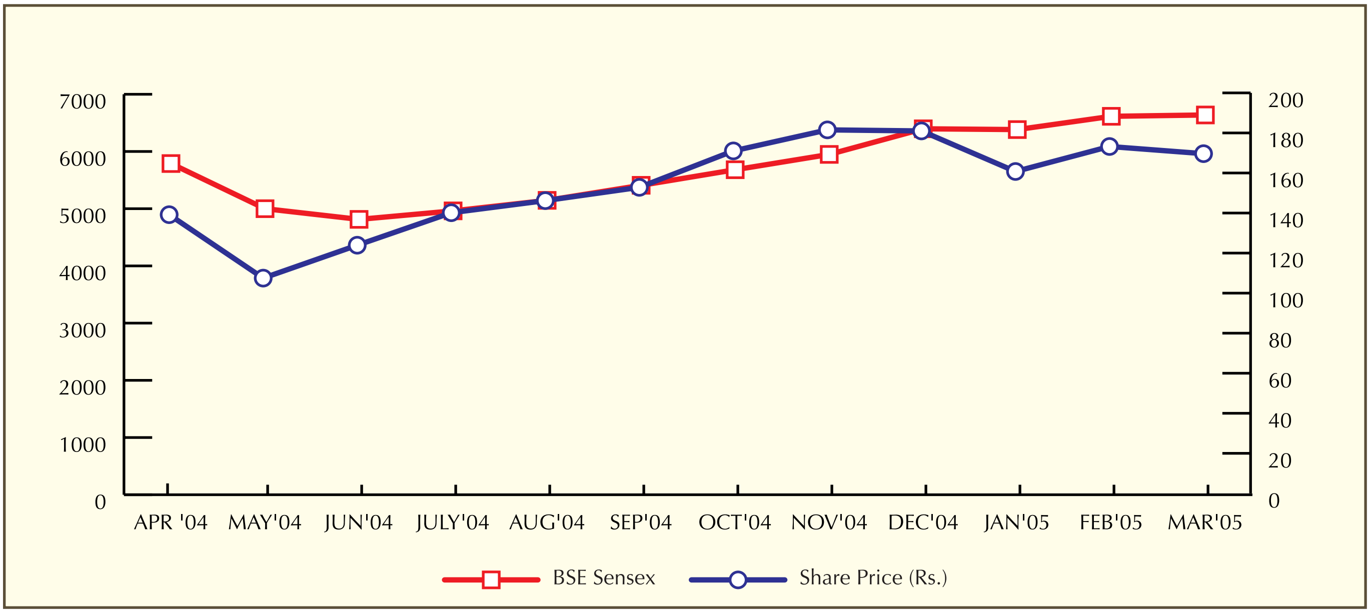
Table 2

UNCLAIMED DIVIDEND AS OF MARCH 31, 2005								
Year	Div. No.	Type	No. of Warrants Issued	No. of Warrants Unclaimed	% Unclaimed	Amount of Dividend (Rs. in lakhs)	Dividend Unclaimed (Rs. in lakhs)	% Unclaimed
1998	44	Final	204276	10674	5.23	4313	15.04	0.35
1999	45	Final	199211	10601	5.32	5751	25.51	0.44
2000	46	Interim	188606	8168	4.33	3883	19.79	0.51
2001	47	Final	160040	9038	5.65	5937	34.56	0.58
2002	48	Final	159175	9135	5.74	6981	47.33	0.68
2003	49	Final	145716	11190	7.68	7613	63.20	0.83
2004	50	Interim	128230	12143	9.47	4758	43.17	0.91
2004	50	Final	134202	11292	8.41	7613	62.19	0.82
2005	51	1st Interim	121451	12442	10.24	6662	58.62	0.88
2005	51	2nd Interim	121169	16702	13.78	4758	70.26	1.48

MARKET PRICE DATA-HIGH/LOW DURING EACH MONTH IN THE YEAR 2004-05

Month	Market Price (Rs.)		
	Highest	Lowest	Volume
April 2004	151.10	127.25	81,36,167
May 2004	131.00	84.00	93,88,743
June 2004	138.60	109.25	1,03,29,935
July 2004	150.30	130.00	90,43,573
August 2004	157.50	134.90	45,85,489
September 2004	165.75	139.90	90,32,931
October 2004	183.50	158.55	56,29,682
November 2004	199.50	163.55	51,02,424
December 2004	195.90	166.10	62,15,837
January 2005	173.00	148.50	48,84,424
February 2005	183.00	163.45	45,01,129
March 2005	188.30	151.00	57,40,961

COMPANY SHARE PRICES COMPARED TO BSE SENSEX



DISTRIBUTION OF SHAREHOLDINGS AS ON MARCH 31, 2005

No. of Shares Held	Share Holders		No. of Shares	
	Number	% To Total	Shares	% To Total
Upto 500	98736	82.88	1,40,49,110	7.38
501 to 1000	9848	8.27	72,19,137	3.79
1001 to 2000	5162	4.33	74,62,489	3.92
2001 to 3000	1745	1.47	43,17,570	2.27
3001 to 4000	977	0.82	34,07,680	1.79
4001 to 5000	584	0.49	26,83,649	1.41
5001 to 10000	1031	0.87	73,15,919	3.84
10001 and above	1045	0.87	14,38,84,421	75.60
Total	**119128**	**100.00**	**19,03,39,975**	**100.00**

SHAREHOLDING PATTERN AS ON MARCH 31, 2005

Category	No. of Shares Held	% of Shareholding
Promoters	4,55,05,018	23.91
Directors other than Promoters	84,250	0.04
Foreign Institutional Investors	2,04,80,740	10.76
International Finance Corporation	1,316	0.00
Global Depository Receipts	11,97,494	0.63
Foreign Holding	15,20,201	0.80
Government / Financial Institutions	4,48,68,298	23.57
Bodies Corporate	1,39,35,094	7.32
Resident Individuals	6,27,47,564	32.97
Total	**19,03,39,975**	**100.00**

To The Members of
The Great Eastern Shipping Co. Ltd.

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by The Great Eastern Shipping Co. Ltd., for the year ended on March 31, 2005, 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 examination has been limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made to us by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that as per the records maintained by the Registrars and Share Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee, no investor grievances received during the year ended March 31, 2005, were remaining unattended / pending against the Company for a period exceeding thirty days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of 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
Mumbai, April 29, 2005

Asset Profile

versatile and endowed...

Shipping Fleet as on March 31, 2005

Category			Vessel Name	DWT (MT)	Year Built	Av. Age (yrs.)
CRUDE OIL CARRIERS	VLCC	1	m.t. Ardeshir H Bhiwandiwalla	265,955	1992	
Total Tonnage (dwt) 1,898,385		2	m.t. Vasant J Sheth	261,167	1990	
Average Age (yrs.) 11.8		**2**		**527,122**		**14.0**
% of Total Tonnage 63%						
	Suezmax	1	m.t. Jag Lok	158,280	2005	
		2	m.t. Jag Lakshya	152,485	1989	
		3	m.t. Jag Laadki	145,242	1992	
		3		**456,007**		**9.5**
	Aframax	1	m.t. Jag Leher	107,592	1986	
		2	m.t. Jag Lata	105,716	2003	
		3	m.t. Jag Leela	105,148	1999	
		4	m.t. Jag Laxmi	105,051	1999	
		5	m.t. Jag Lavanya	105,010	2004	
		6	m.t. Jag Lamha	98,214	1987	
		7	m.t. Jag Laila	96,967	1987	
		8	m.t. Jag Labh	96,551	1988	
		9	m.t. Jag Leena	95,007	1985	
		9		**915,256**		**11.7**
PRODUCT CARRIERS	Panamax	1	m.t. Jag Anjali	66,203	1986	
Total Tonnage(dwt) 728,881		2	m.t. Jag Arpan	66,183	1986	
Average Age (yrs.) 13.4		**2**		**132,386**		**19.0**
% of Total Tonnage 24%						
	Medium Range	1	m.t. Jag Pranam	50,600	1984	
		2	m.t. Jag Pavitra	50,600	1985	
		3	m.t. Jag Padma	47,803	1982	
		4	m.t. Jag Prakash	46,345	2003	
		5	m.t. Jag Pahel	46,319	2004	
		6	m.t. Jag Pankhi	46,273	2003	
		7	m.t. Jag Pratap	45,693	1995	
		8	m.t. Jag Pradip	45,684	1996	
		9	m.t. Jag Prachi	44,124	1996	
		9		**423,441**		**11.0**
	General Purpose	1	m.t. Jag Prayog	29,990	1982	
		2	m.t. Jag Praja	29,990	1982	
		3	m.t. Jag Pari	29,139	1982	
		4	m.t. Jag Preeti	29,133	1981	
		5	m.t. Jag Pragati	27,402	1985	
		6	m.t. Jag Palak	27,400	1985	
		6		**173,054**		**22.2**

Shipping Fleet as on March 31, 2005

Category			Vessel Name	DWT (MT)	Year Built	Av. Age (yrs.)
GAS CARRIERS						
Total Tonnage(dwt) 45,977	LPG Carriers	1	m.t. Jag Vayu	28,400	1978	
Average Age (yrs.) 22.0		2	m.t. Jag Viraj	17,577	1991	
% of Total Tonnage 2%		**2**		**45,977**		**22.0**
DRY BULK CARRIERS	Panamax	1	m.v. Jag Arnav	71,122	1995	
Total Tonnage (dwt) 343,885		**1**		**71,122**		**10.0**
Average Age (yrs.) 21.1	Handymax	1	m.v. Jag Rani	41,545	1984	
% of Total Tonnage 11%		2	m.v. Jag Rishi	41,093	1984	
		3		**82,638**		**21.0**
	Handysize	1	m.v. Jag Rupali	37,092	1983	
		2	m.v. Jag Radha	35,676	1983	
		3	m.v. Jag Ratna	35,662	1977	
		4	m.v. Jag Vikram	27,463	1980	
		5	m.v. Jag Vidya	27,451	1977	
		6	m.v. Jag Vikas	26,781	1977	
		6		**190,125**		**25.3**

SHIPPING FLEET TOTAL

Number	**42**
Total Tonnage (dwt)	**3,017,128**
Average Age (yrs.)	**13.8**

Offshore Fleet as on March 31, 2005

Category			Vessel Name	DWT (MT)	Year Built	Av. Age (yrs.)
OFFSHORE SUPPORT VESSELS (OSVs)						
Number 16	Platform Supply Vessels	1	m.v. Malaviya Twenty	3,317	2004	
Average Age (yrs.) 10.1		2	m.v. Malaviya Sixteen	3,309	2002	
		3	m.v. Malaviya Eighteen	3,305	2002	
		4	m.v. Malaviya Nineteen	3,302	2004	
		4		**13,233**		**2.0**
	Anchor Handling Tug Supply Vessels	1	m.v. Malaviya Ten	2,558	1999	
		2	m.v. Malaviya Three	1,251	1984	
		3	m.v Malaviya Four	1,242	1984	
		4	m.v. Malaviya Nine	1,221	1983	
		5	m.v. Malaviya Five	1,162	1982	
		6	m.v. Malaviya Six	1,149	1981	
		7	m.v. Malaviya Two	1,084	1983	
		8	m.v. Malaviya One	1,073	1983	
		8		**10,740**		**18.3**

Offshore Fleet as on March 31, 2005

Category			Vessel Name	DWT (MT)	Year Built	Av. Age (yrs.)
Anchor Handling Tugs		1	m.v. Gal Beaufort Sea	540	1982	
		2	m.v. Gal Ross Sea	540	1982	
		3	m.v. Sangita	218	1994	
		3		**1,298**		**21.0**
Diving Supply Vessel		1	m.v. Malaviya Twelve	938	1989	
		1		**938**		**16.0**
HARBOUR TUGS						
		1	m.v. Birsingha	175	2001	
Number	11	2	m.v. Ananya	148	2000	
Average Age (yrs.)	8.5	3	m.v. Vahbiz	148	1999	
		4	m.v. Malini	136	1987	
		5	m.v. Kanti	135	1998	
		6	m.v. Kumari Tarini	127	1998	
		7	m.v. Anasuya	123	1997	
		8	m.v. Purnima	120	2000	
		9	m.v. Sudhir Mulji	117	1998	
		10	m.v. Rishabh	84	1985	
		11	m.v. Jyotsna S.	69	1989	
		11		**1,382**		**8.5**
CONSTRUCTION BARGE						
Number	1	1	m.v. Gal Constructor	4,801	1978	
Average Age (yrs.)	27	**1**		**4,801**		**27.0**
DRILLING UNITS						
Number	2	1	Badrinath	6,000	1973	
Average Age (yrs.)	31.6	2	Kedarnath	1,600	1975	
		2		**7,600**		**31.6**
OFFSHORE FLEET TOTAL						
Number	**30**					
Average Age (yrs.)	**16.2**					

Subsidiary Fleet as on March 31, 2005

Category	Type	Vessel Name	DWT (MT)	Year Built
Dry Bulk Carrier	Handysize	m.v. Nisha	27,481	1977

Acquisitions and Sales during FY 2004-05

ACQUISITIONS

Category	Type	Vessel Name	DWT (MT)	Year Built	Month of Addition
SHIPPING					
New Building Additions					
Crude Oil Carrier					
	Suezmax (Ice Class)	m.t. Jag Lok	158,280	2005	Mar-05
Product Carrier					
	Medium Range	m.t. Jag Pahel	46,319	2004	Oct-04
Second Hand Additions					
Crude Oil Carriers					
	VLCC	m.t. Ardeshir H Bhiwandiwalla	265,955	1992	Jun-04
	Aframax	m.t. Jag Labh	96,551	1988	Feb-05
Gas Carrier					
	LPG Carrier	m.t. Jag Viraj	17,577	1991	Oct-04
Dry Bulk Carriers					
	Handymax	m.v. Jag Rupali	37,092	1983	May-04
	Handymax	m.v. Jag Radha	35,676	1983	May-04
OFFSHORE					
New Building Additions					
Offshore Support Vessel					
	Platform Supply Vessel	m.v. Malaviya Twenty	3,317	2004	Aug-04

SALES

Category	Type	Vessel Name	DWT (MT)	Year Built	Month of Sale
SHIPPING					
Crude Oil Carrier					
	Aframax	m.t. Jag Larjish	105,391	1986	Dec-04
Dry Bulk Carrier					
	Mini Bulk Carrier	GE 3	2,137	1998	Jun-04
OFFSHORE					
Offshore Support Vessels					
	Offshore Supply Vessel	m.v. Malaviya Eleven	1,204	1989	Oct-04
	Offshore Supply Vessel	m.v. Malaviya Fourteen	1,206	1989	Oct-04

Vessels on Order as on April 29, 2005

SHIPPING

Category	Type	Shipyard	DWT (MT)	Month of Contracting	Expected Delivery
New Building Order Book					
Crude Oil Carrier					
	Suezmax (Ice Class)	Hyundai Samho Heavy Industries, Korea	158,344	May-03	May-05
Product Carriers					
	Medium Range	STX Shipbuilding Co. Ltd., Korea	47,400	Mar-04	Feb-07
	Medium Range	STX Shipbuilding Co. Ltd., Korea	47,400	Mar-04	Mar-07
	Medium Range	STX Shipbuilding Co. Ltd., Korea	47,400	Apr-04	Aug-07
	Medium Range Ice Class	Hyundai Mipo Dockyard Ltd., Korea	37,000	Oct-04	Feb-07
	Medium Range Ice Class	Hyundai Mipo Dockyard Ltd., Korea	37,000	Oct-04	Apr-07

Vessels on Order as on April 29, 2005

Category	Type	Shipyard	DWT (MT)	Month of Contracting	Expected Delivery
SHIPPING					
Second Hand Order Book					
Dry Bulk Carriers					
	Handymax	China Shipbuilding Corporation, Taiwan	45,342	Feb-05	Q1 FY06
	Handymax	Tsuneishi Heavy Industries, Philippines	52,364	Mar-05	Q1 FY06
	Handymax	Tsuneishi Heavy Industries, Philippines	45,659	Mar-05	Q1 FY06
OFFSHORE					
New Building Order Book					
Offshore Support Vessels					
	Platform Supply Vessel	Bharati Shipyard Ltd., India		Sep-03	May-05
	Platform Supply Vessel	Aker Brattvaag, Norway		Sep-04	Jun-06
	Platform Supply Vessel	Aker Brattvaag, Norway		Sep-04	Aug-06
	Anchor Handling Tug Supply Vessel	Bharati Shipyard Ltd., India		Jun-03	Jan-06
	Anchor Handling Tug Supply Vessel	Bharati Shipyard Ltd., India		Sep-03	Sep-05
	Anchor Handling Tug Supply Vessel	Bharati Shipyard Ltd., India		Aug-04	Mar-06
	Anchor Handling Tug Supply Vessel	Bharati Shipyard Ltd., India		Aug-04	Jun-06

Transactions between April 1, 2005 to April 29, 2005

ACQUISITIONS

Category	Type	Vessel Name	DWT (MT)	Year Built
OFFSHORE				
New Building Additions				
Offshore Support Vessel	Anchor Handling Tug Supply Vessel	m.v. Malaviya Twenty One	2,370	2005

Contract for sale between April 1, 2005 to April 29, 2005

SALE

Category	Type	Vessel Name	DWT (MT)	Year Built	Expected Delivery
SHIPPING					
Crude Oil Carrier	VLCC	m.t. Vasant J Sheth	261,167	1990	Q1 FY06

Financials

moving up with all the might...

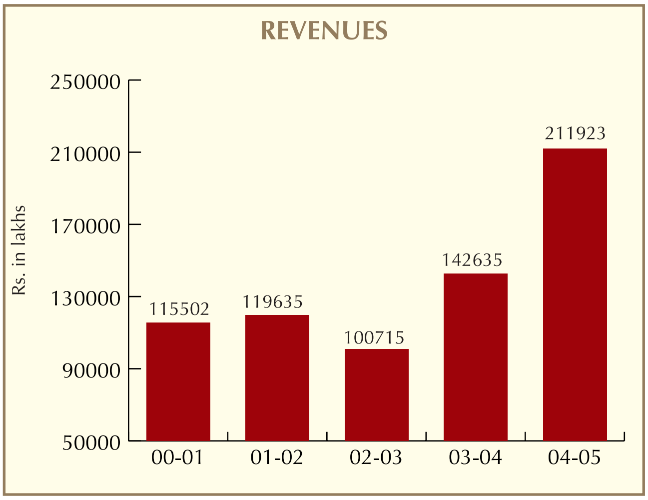
Year at a Glance

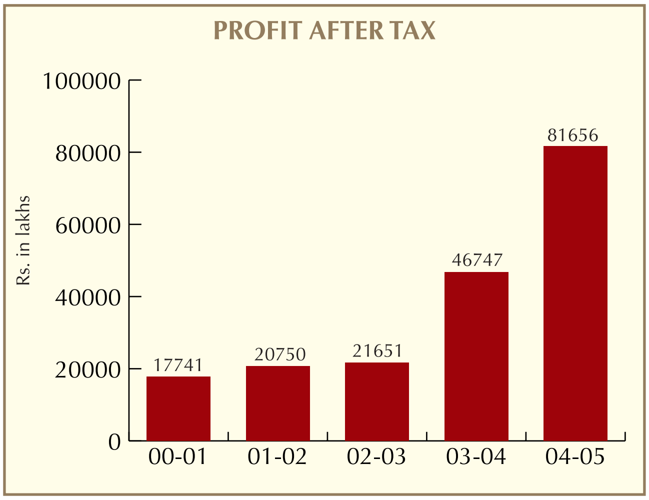
	March 31, 2005 Rs. (in lakhs)	US$ (in millions)	March 31, 2004 Rs. (in lakhs)	US$ (in millions)
	(except for Earnings & Cash earnings per share)			
For the year				
Total Revenue	211923	472	142635	309
Operating Profit (PBIDT)	115905	258	74000	160
Profit after tax (PAT)	81656	182	46747	101
PBIDT as a percentage of total revenue	54.69	54.69	51.88	51.88
Earnings per share (Rs./US$)	42.34	0.94	24.29	0.53
Cash earnings per share (Rs./US$)	57.32	1.28	34.86	0.76
Dividend amount	19711	44	14845	32
(Including tax on dividend)				
Capital Investment	99737	222	105765	229
At the end of the year				
Total assets	463480	1059	346363	792
Fixed assets	320133	732	255195	583
Total debt	207975	475	145900	333
Net worth	218712	500	149257	341
Equity Capital	19034	44	19033	44
Preference Capital	–	–	7500	17

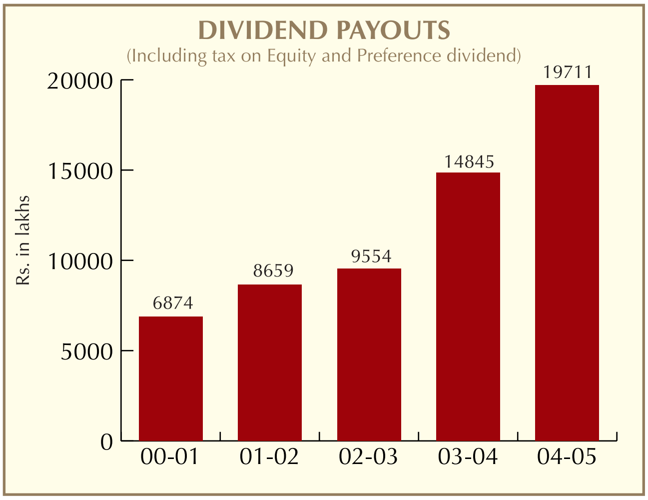
Figures in US$ are arrived at by converting Rupee figures at the average conversion rate for all for the year items and at closing rate for all year end items, as given below, to facilitate comparison

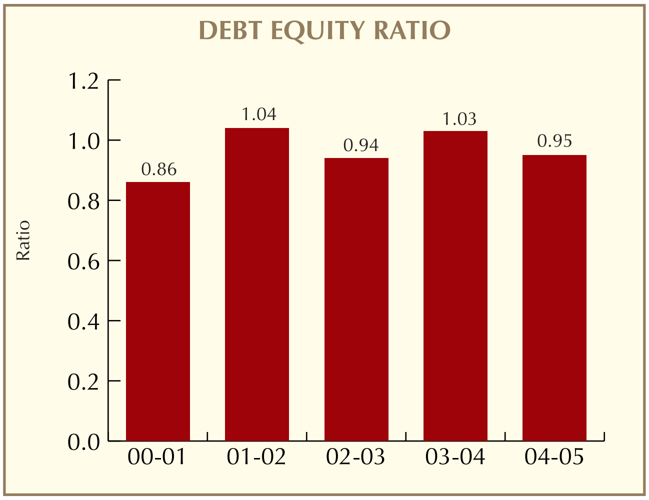
	Rs./US$	
Exchange Rate	**2004-05**	2003-04
– Average	**44.92**	46.11
– Closing	**43.75**	43.75

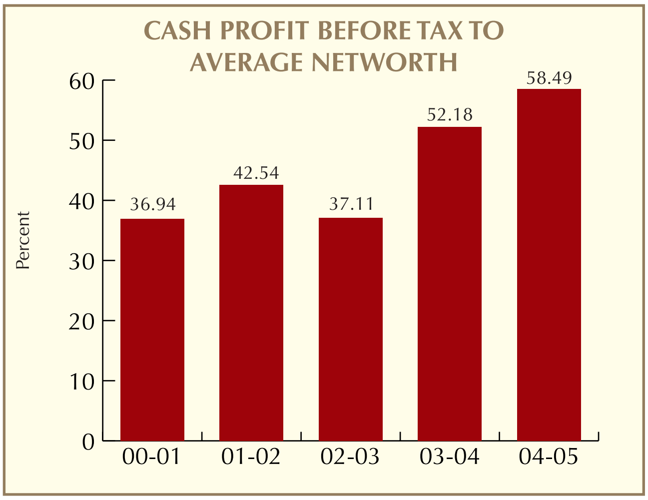
Financial Highlights

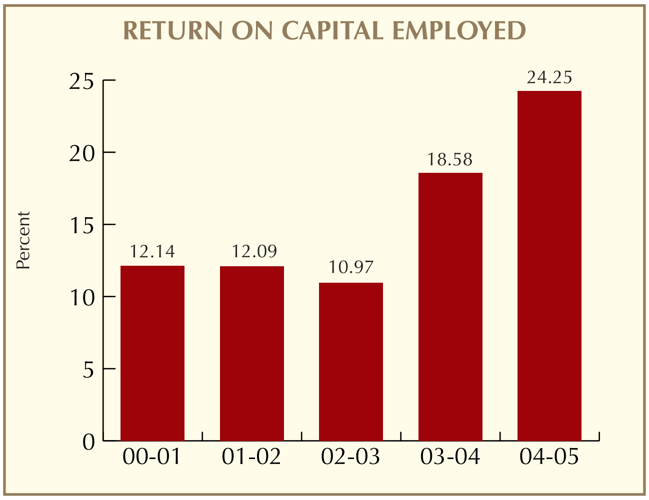












10 Years at a Glance

(Rs. in lakhs)

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
PROFIT & LOSS A/C										
Revenues :										
Income from operations	72384	78122	88102	92896	91464	108068	117243	95547	135194	204920
Profit on sale of ships	3383	956	1693	54	4795	3598	58	1598	860	2475
Other income	7357	8729	6615	5090	3187	3836	2234	3570	6581	4528
	83124	87807	96410	98040	99446	115502	119535	100715	142635	211923
Expenditure :										
Operating expenses	49237	48546	49508	53951	57242	60808	60798	48438	61318	84395
Administration expenses	3911	3962	4844	5894	5361	7297	8259	7004	7317	11623
Operating profit (PBIDT)	**29976**	**35299**	**42058**	**38195**	**36843**	**47397**	**50478**	**45273**	**74000**	**115905**
Interest & finance charges	4533	6906	6504	5782	6081	7174	5027	3900	4695	8287
PBDT	**25443**	**28393**	**35554**	**32413**	**30762**	**40223**	**45451**	**41373**	**69305**	**107618**
Depreciation	9031	12251	15581	16470	18117	20082	20173	16798	20121	28500
Provisions & Capitalisations	(1278)	–	850	500	–	–	–	–	–	–
PBT	**17690**	**16142**	**19123**	**15443**	**12645**	**20141**	**25278**	**24575**	**49184**	**79118**
Tax :										
– Current	2450	2500	2700	2800	1600	2400	2600	850	2700	2200
– Deferred	–	–	–	–	–	–	1928	2074	(263)	(4738)
PAT	**15240**	**13642**	**16423**	**12643**	**11045**	**17741**	**20750**	**21651**	**46747**	**81656**
BALANCE SHEET										
What the Company owned										
Net Block	117487	132254	134190	165911	168043	152352	168076	167258	232852	287418
Ships under construction	4477	7522	10643	5163	–	9192	12950	15002	22343	32715
Investments & net Current assets	60385	58691	55213	41572	43193	37644	46065	56430	59938	106148
Deferred Taxation (Net)	–	–	–	–	–	–	–	–	–	406
TOTAL	182349	198467	200046	212646	211236	199188	227091	238690	315133	426687
What the Company owed										
Secured loans	71705	64536	62161	73405	80488	69347	79485	88553	145900	207975
Unsecured loans	–	19037	21014	20067	20047	13292	13908	13533	–	–
Deferred Taxation (Net)	–	–	–	–	–	–	10072	12739	12476	–
TOTAL	71705	83573	83175	93472	100535	82639	103465	114825	158376	207975
Shareholders' Funds										
Equity Share Capital	28754	28756	28756	28760	25884	21778	20256	19033	19033	19034
Preference Share Capital	–	–	–	–	–	9500	17000	7500	7500	–
Reserves & surplus	83019	87104	91141	92334	86927	87320	88031	98425	130693	199870
Misc. Expd. (to the extent not w/off)	(1129)	(966)	(3026)	(1920)	(2110)	(2049)	(1661)	(1093)	(469)	(192)
TOTAL	110644	114894	116871	119174	110701	116549	123626	123865	156757	218712
Debt-Equity ratio (times)	0.65	0.73	0.71	0.78	0.91	0.86	1.04	0.94	1.03	0.95
Earning per Share (in Rs.)	5.30	4.74	5.71	4.40	4.30	8.00	8.80	11.40	24.30	42.34
Dividend per Share (in Rs.)	2.00	3.00	4.00	2.00	1.50	2.75	4.00	4.00	6.50	9.00

Report of the Auditors
to the Members of The Great Eastern Shipping Company Limited

1. We have audited the attached Balance Sheet of The Great Eastern Shipping Company Limited, as at March 31, 2005 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India 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.
4. Further to our comments in the Annexure referred to in paragraph (3) 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 such books.
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e) 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 in conformity with the accounting principles generally accepted in India :
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the Directors of the Company as on March 31, 2005, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2005, from being appointed as a Director in terms of 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

Membership No. : 32083
Mumbai, April 29, 2005

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date on the accounts of The Great Eastern Shipping Company Limited for the year ended March 31, 2005 :

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets are physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge no material discrepancies were reported on such verification.

   (c) In our opinion, a substantial part of the fixed assets has not been disposed off by the Company during the year.

2. (a) The management has conducted physical verification of inventory at reasonable intervals.

   (b) In our opinion, the procedures followed by the management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.

   (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to 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.

3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets, and for the sale of goods and services. During the course of our audit no major weakness has been observed in the internal controls.

5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act.

7. In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.

8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, except for the provident fund dues of floating staff, the Company is generally regular in depositing undisputed statutory dues including Shore Staff Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty, Cess and other statutory dues with the appropriate authorities. We are informed that in respect of floating staff it is not possible to accurately ascertain the provident fund dues in view of the nature of the Company's activities. The Company regularly makes ad hoc payments to the appropriate authorities and on final determination the balance, if any, is paid.

   (b) According to the books of account and records as produced and examined by us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Service tax, Excise duty or Cess which have not been deposited on account of any dispute, other than those stated below :

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Customs Act, 1962	Customs Duty	11.96	1999-00	High Court, Mumbai
	Import Duty	30.63	2000-01	High Court, Mumbai
	Customs Duty	70.37	2001-02	Customs Excise and Gold (Control) Appellate Tribunal
The Tamilnadu General Sales Tax Act, 1959 *	Tax u/s 3A of The Tamilnadu General Sales Tax Act, 1959	100.78	1995-96 & 1996-97	The Sales Tax Appellate Tribunal, Chennai

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Sales Tax Act, 1957	Tax u/s 5-C of the Act	170.71	1998-99 to 2001-02	Stay granted by Supreme Court
Tamilnadu General Sales Tax Act, 1959	Lease Tax	1739.51	1995-96 to 1997-98	Sales Tax Appellate Tribunal
The Central Sales Tax Act, 1956	Sales Tax	4.08	1997-98 & 1998-99	The Sales Tax Appellate Tribunal
		4.54	1999-00 & 2000-01	The Sales Tax Officer
		647.31	1995-96 to 1998-99	The Sales Tax Tribunal
The Income Tax Act, 1961	TDS demand	329.72	1994	The Appellate Tribunal
Maharashtra Land Revenue Code, 1966	Transfer charges for office premises under the scheme of demerger	123.99	2002-03	The High Court at Bombay
	Transfer charges for office premises	310.27	2003-04	Estate Department Joint Municipal Commissioner
Major Ports Trust Act, 1963	Demand for Pilotage and Berth charges on gross tonnage	137.35	2001-02 to 2002-03	Karnataka High Court at Bangalore
Central Excise and Customs Act	Service Tax	72.53	2002-03 to 2004-05	Suprintendant of Central excise

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. According to the information and explanations given to us and the records examined by us, adequate records and documents have been maintained in respect of the loan granted by the Company on the basis of security by way of pledge of shares.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi/mutual benefit fund/societies.
14. In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under Section 49 of the Act.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the Company.
16. As informed to us, the term loans were applied by the Company for the purpose for which they were obtained.
17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilised any funds raised on short term basis for long term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.
19. According to the explanations given to us, securities have been created in respect of the debentures issued by the Company.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No. : 32083
Mumbai, April 29, 2005

Balance Sheet as at March 31, 2005

	Schedule			(Rs. in lakhs) Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	19034		26533
Reserves and Surplus	2	199870		130693
			218904	157226
Loan Funds :				
Secured Loans	3		207975	145900
Deferred tax liability (net)			–	12476
TOTAL			426879	315602
APPLICATION OF FUNDS :				
Fixed Assets :	4			
Gross Block		449924		369891
Less : Depreciation (including impairment)		162506		137039
Net Block		287418		232852
Ships under Construction/Capital work-in-progress		32715		22343
			320133	255195
Investments	5		5753	41669
Deferred tax assets			406	–
Current Assets,Loans and Advances :				
Inventories	6	3089		5081
Sundry Debtors	7	16536		10728
Cash and Bank balances	8	103645		21996
Other Current assets	9	1254		1092
Loans and Advances	10	12472		10037
Incomplete Voyages (net)		–		96
		136996		49030
Less : Current Liabilities and Provisions :				
Current Liabilities	11	26739		21046
Provisions	12	8034		9715
Incomplete Voyages (net)		1828		–
		36601		30761
Net Current Assets			100395	18269
Miscellaneous Expenditure (to the extent not written off or adjusted)	13		192	469
TOTAL			426879	315602
Significant Accounting Policies	20			
Notes on Accounts	21			

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

Mumbai, April 29, 2005.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
R. N. Sethna Director

Mumbai, April 29, 2005.

Profit and Loss Account for the year ended March 31, 2005

	Schedule			(Rs. in lakhs) Previous Year
INCOME :				
Income from Operations	**14**		**207395**	136054
Other Income	**15**		**4528**	6581
			211923	142635
EXPENDITURE :				
Operating Expenses	**16**	**84395**		61318
Administration & Other Expenses	**17**	**11623**		7317
Interest & Finance charges	**18**	**8287**		4695
Depreciation		**28500**		20121
			132805	93451
Profit before tax			**79118**	49184
Less : Provision for taxation				
– Current tax			**2200**	2700
– Deferred tax			**–**	(263)
– Deferred tax liability written back - an exceptional item		**(12882)**		–
Less : Transitional deferred tax liability drawn from General Reserve on 1.4.2001 transferred back		**8144**		–
			(4738)	–
Profit for the year after tax			**81656**	46747
Less/(Add) : Prior period adjustments	**19**		**777**	(366)
			80879	47113
Less : Transfer to Tonnage Tax Reserve Account under Section 115VT of the Income-tax Act,1961			**15000**	–
Less : Transfer to Reserve under Section 33AC of the Income-tax Act,1961			**–**	24000
			65879	23113
Add : Transfer from -				
– Investment Allowance Reserve			**–**	279
– Reserve under Section 33AC of the Income-tax Act, 1961		**14500**		12500
– Debenture Redemption Reserve		**1900**		–
			16400	12779
			82279	35892
Add : Surplus brought forward from previous year			**9388**	8116
Amount available for appropriation			**91667**	44008
Appropriations :				
– Transfer to Debenture Redemption Reserve		**–**		2275
– Transfer to Capital Redemption Reserve		**7500**		–
– Transfer to Exchange Fluctuation Reserve		**–**		2500
– Transfer to General Reserve		**30000**		15000
– Interim Dividend on Preference Shares		**253**		788
– Interim Dividend on Equity Shares		**11421**		4758
– Proposed Dividend on Equity Shares		**5710**		7613
– Tax on Dividends		**2327**		1686
			57211	34620
Balance Carried Forward			**34456**	9388
Basic and diluted earnings per share (in Rs.)			**42.3**	24.3
Significant Accounting Policies	**20**			
Notes on Accounts	**21**			

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2005.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
R. N. Sethna Director

Mumbai, April 29, 2005.

SCHEDULE "1" :
SHARE CAPITAL :

			(Rs. in lakhs) Previous Year
AUTHORISED :			
30,00,00,000	Equity Shares of Rs.10 each	**30000**	30000
20,00,00,000	Preference Shares of Rs.10 each	**20000**	20000
		50000	50000
ISSUED :			
19,08,73,056	(Previous Year 19,08,73,056) Equity Shares of Rs.10 each	**19087**	19087
–	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**–**	7500
		19087	26587
SUBSCRIBED :			
19,03,43,123	(Previous Year 19,03,30,163) Equity Shares of Rs.10 each	**19034**	19033
–	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**–**	7500
		19034	26533
PAID-UP :			
19,03,39,975	(Previous Year 19,03,27,015) Equity Shares of Rs.10 each fully paid up	**19034**	19033
–	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**–**	7500
		19034	26533

Notes :

1. Out of above 92,99,823 (Previous Year 92,99,823) shares are allotted as fully paid up persuant to a contract without payment being received in cash.
2. The Paid-up Equity Share Capital includes Rs. 30,358 (Previous Year Rs. 30,358), on account of forfeited shares and is net of Calls in Arrears Rs. 40,799 (Previous Year Rs. 41,609).

(Rs. in lakhs)

SCHEDULE "2" :
RESERVES AND SURPLUS :

			Previous Year	
(a) CAPITAL REDEMPTION RESERVE :				
As per last Balance Sheet	**16354**		16354	
Add : Transfer from Profit and Loss Account	**7500**		–	
		23854		16354
(b) INVESTMENT ALLOWANCE RESERVE :				
As per last Balance Sheet	**–**		279	
Less: Transfer to Profit & Loss Account	**–**		279	
		–		–
(c) RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 :				
As per last Balance Sheet	**38500**		27000	
Less : Transfer to Profit & Loss Account	**14500**		12500	
	24000		14500	
Add : Transfer from Profit and Loss Account	**–**		24000	
		24000		38500
(d) TONNAGE TAX RESERVE ACCOUNT UNDER SECTION 115VT OF THE INCOME-TAX ACT,1961 :				
Transfer from Profit and Loss Account		**15000**		–
(e) DEBENTURE REDEMPTION RESERVE :				
As per last Balance Sheet	**8050**		5775	
Add : Transfer from Profit and Loss Account	**–**		2275	
	8050		8050	
Less : Transfer to Profit & Loss Account	**1900**		–	
		6150		8050
(f) EXCHANGE FLUCTUATION RESERVE :				
As per last Balance Sheet		**2500**		2500
(g) SHARE PREMIUM ACCOUNT :				
As per last Balance Sheet		**15801**		15801
(h) GENERAL RESERVE :				
As per last Balance Sheet	**40100**		25100	
Less : Accumulated Impairment loss as on April 1, 2004	**135**		–	
	39965		25100	
Add : Deferred tax liability written back	**8144**		–	
Add : Transfer from Profit and Loss Account	**30000**		15000	
		78109		40100
(i) PROFIT AND LOSS ACCOUNT		**34456**		9388
		199870		130693

(Rs. in lakhs)

			Previous Year

SCHEDULE "3" :
SECURED LOANS :

(a)	TERM LOANS -		
	– From Banks Secured by mortgage of specific ships	**179275**	112900
(b)	NON-CONVERTIBLE DEBENTURES* -		
(i)	Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each		
	– 11.75% (part F-G) redeemable in two annual instalments from August 31, 2005 to August 31, 2006	**600**	1100
	– 11.75% (part F-G) redeemable in two equal annual instalments from October, 2005 to October, 2006	**600**	900
	– 11.75% (series 6-7) redeemable in two equal annual instalments from November 29, 2005 to November 29, 2006	**2000**	3000
	– 12.10% (part F-G) redeemable in two equal annual instalments from November 17, 2005 to November 17, 2006	**400**	600
	– 10.65% (series III) redeemable on February 14, 2006	**1500**	2500
	– 8.95% redeemable on July 7, 2007	**9000**	9000
	– 6.05% redeemable on September 19, 2010	**9500**	9500
(ii)	Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each -		
	– 10.25% (series 4 - 7) redeemable in four annual instalments from May 25, 2005 to May 25, 2008	**5100**	6400
	* Secured by mortgage of specified immovable properties and ships.		
		207975	145900

SCHEDULE "4" :
FIXED ASSETS :

(Rs. in lakhs)

Particulars	COST				DEPRECIATION					NET BLOCK
	As at April 1, 2004	Additions for the year	Deductions for the year [Note 4(b)]	As at March 31, 2005	Upto March 31, 2004	Adjustments in respect of Assets sold/ discarded	For the year	Upto March 31, 2005	Impairment Upto March 31, 2005 [Note 4(d)]	As at March 31, 2005
Fleet	**352689**	**87839**	**8872**	**431656**	**128135**	**2822**	**27714**	**153027**	**–**	**278629**
	273527	*97719*	*18557*	*352689*	*114938*	*6211*	*19408*	*128135*	*–*	*224554*
Plant & Machinery :										
– Rigs and Barges	**4418**	**–**	**–**	**4418**	**4344**	**–**	**73**	**4417**	**–**	**1**
	4418	*–*	*–*	*4418*	*4344*	*–*	*–*	*4344*	*–*	*74*
– Others	**320**	**581**	**23**	**878**	**229**	**23**	**72**	**278**	**–**	**600**
	1287	*–*	*967*	*320*	*1179*	*966*	*16*	*229*	*–*	*91*
Land	**4371**	**444**	**–**	**4815**	**–**	**–**	**–**	**–**	**–**	**4815**
(Freehold & Perpetual Lease)	*4388*	*–*	*17*	*4371*	*–*	*–*	*–*	*–*	*–*	*4371*
Land (Leasehold)	**5**	**–**	**–**	**5**	**1**	**–**	**–**	**1**	**–**	**4**
	5	*–*	*–*	*5*	*1*	*–*	*–*	*1*	*–*	*4*
Ownership Flats and Office Premises *	**4620**	**1**	**172**	**4449**	**1470**	**80**	**146**	**1536**	**135**	**2778**
	4497	*494*	*371*	*4620*	*1373*	*69*	*166*	*1470*	*–*	*3150*
Furniture, Fixtures and Office Equipment	**2667**	**262**	**77**	**2852**	**2363**	**72**	**247**	**2538**	**–**	**314**
	3382	*91*	*806*	*2667*	*2766*	*793*	*390*	*2363*	*–*	*304*
Vehicles	**801**	**238**	**188**	**851**	**497**	**171**	**248**	**574**	**–**	**277**
	773	*120*	*92*	*801*	*418*	*62*	*141*	*497*	*–*	*304*
SUB-TOTAL	**369891**	**89365**	**9332**	**449924**	**137039**	**3168**	**28500**	**162371**	**135**	**287418**
	292277	*98424*	*20810*	*369891*	*125019*	*8101*	*20121*	*137039*	*–*	*232852*
Ships under construction/Capital work-in-Progress										**32715**
										22343
										320133
										255195

* The Ownership Flats & Office Premises include Rs. 13,020 (Previous Year Rs. 15,770), being value of shares held in various co-operative societies.

Previous year figures are in italics.

SCHEDULE "5" :
INVESTMENTS :

	Face Value Rs.	No. of Units	Rs. in lakhs	Previous year No. of Units	Previous year Rs. in lakhs
(a) LONG TERM INVESTMENTS :					
(at cost - fully paid)					
Equity Shares : Unquoted					
Subsidiaries :					
The Great Eastern Shipping Co. London Ltd. of Stg. Pound 10 each		**16,000**	**26**	16,000	26
The Great Eastern (Fujairah) L.L.C. - FZC of US$1 each		**1,50,000**	**66**	1,50,000	66
The Greatship (Singapore) Pte. Ltd. of S$ 1 each		**5,00,000**	**115**	5,00,000	115
Greatship (India) Ltd.	10	**50,000**	**5**	50,000	5
Deep Water Services (India) Ltd.	10	**50,000**	**5**	50,000	5
P & O Travels India Ltd. (13,52,350 Shares acquired during the year)	10	**22,27,350**	**141**	8,75,000	88
The Great Eastern Chartering L.L.C. - FZC of AED 100 each (Shares acquired during the year)		**1,500**	**19**	–	–
Joint Venture:					
United Helicharterers Pvt.Ltd. (Shares acquired during the year)	10	**5,20,000**	**57**	–	–
Associates :					
Business Standard Ltd.	10	**1,67,85,787**	**2402**	1,67,85,787	2402
			2836		2707
Less : Provision for diminution in value of long term investments			**800**		800
			2036		1907
(b) CURRENT INVESTMENTS :					
(at lower of cost and fair value - fully paid)					
Mutual Funds: Unquoted					
Sold during the year:					
Alliance Cash Institutional Plan - Daily Dividend	10	–	–	2,84,72,289	2847
Birla Cash Plus - Institutional Plan - Dividend Reinvestment	10	–	–	3,84,09,577	3841
Deutsche Insta Cash Fund - Daily Dividend Plan	10	–	–	1,92,16,568	1978
DSP Merrill Lynch Liquidity Fund - Weekly Dividend	10	–	–	69,65,733	864
Grindlays Cash Fund - Institutional Plan B - Daily Dividend	10	–	–	1,48,76,828	1574
Grindlays Short Term Plan B Institutional Plan - Monthly Dividend	10	–	–	1,01,22,965	1031
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	–	–	2,31,97,245	2467

SCHEDULE "5" : (CONTD.)
INVESTMENTS :

	Face Value Rs.	No. of Units	Rs. in lakhs	Previous year No. of Units	Previous year Rs. in lakhs
HDFC Liquid Fund - Premium Plus Plan - Dividend Reinvestment	10	–	–	2,92,10,925	3498
HSBC Cash Fund- Institutional - Daily Dividend	10	–	–	1,69,41,473	1768
HSBC Institutional Income Fund - Short Term Plan - Dividend	10	–	–	66,99,273	679
IL & FS Liquid Account - Institutional Plan - Dividend	10	–	–	81,72,453	817
ING Vysya Liquid Fund - Daily Dividend	10	–	–	1,83,23,717	1974
JM High Liquidity Fund - Institutional Plan - Dividend	10	–	–	1,14,17,846	1144
JM Short Term Fund - Institutional Plan - Dividend	10	–	–	1,78,60,196	1793
Kotak Liquid Institutional Premium Plan - Daily Dividend	10	–	–	2,00,49,320	2452
Prudential ICICI Liquid Institutional Plus - Weekly Dividend	10	–	–	3,35,74,878	3980
Reliance Treasury Plan - Institutional Option - Weekly Dividend	10	–	–	1,30,41,922	1987
SBI Magnum InstaCash Fund - Dividend Plan	10	–	–	92,07,130	969
Sun F&C Money Value Fund - Liquid - Daily Dividend	10	–	–	30,26,413	303
Templeton India Liquid Fund - Daily Dividend Reinvestment	10	–	–	3,79,60,770	3796
Subscribed during the year:					
Birla Cash Plus - Institutional Plan - Dividend Reinvestment	10	**85,20,562**	**853**	–	–
Deutsche Insta Cash Fund - Institutional Daily Dividend Plan	10	**48,09,296**	**481**	–	–
HSBC Cash Fund - Institutional Plus - Daily Dividend	10	**47,87,135**	**479**	–	–
JM High Liquidity Fund - Super Institutional Plan - Weekly Dividend	10	**89,81,946**	**900**	–	–
Reliance Treasury Plan - Institutional Option - Weekly Dividend	10	**19,62,888**	**300**	–	–
Templeton India Treasury Management - Institutional Daily Dividend Reinvestment	10	**70,370**	**704**	–	–
			3717		39762
			5753		41669
Aggregate Book Value of Quoted Investments			–		–
Market Value of Quoted Investments			–		–
Aggregate Book Value of Unquoted Investments			**5753**		41669

(Rs. in lakhs)

SCHEDULE "6" :
INVENTORIES :

			Previous Year
(a) Fuel oils		**2168**	2107
(b) Properties for sale		**20**	23
(c) Property development work-in-progress		**901**	2951
		3089	5081

SCHEDULE "7" :
SUNDRY DEBTORS :

(Unsecured)

			Previous Year
(a) Debts outstanding over six months :			
– Considered good		**927**	244
– Considered doubtful		**253**	323
		1180	567
(b) Other Debts :			
– Considered good (includes due from a subsidiary Rs. 241 lakhs, Previous Year Rs. 130 lakhs)		**15609**	10484
– Considered doubtful		**69**	–
		15678	10484
Less : Provision for doubtful debts		**322**	323
		16536	10728

SCHEDULE "8" :
CASH AND BANK BALANCES :

			Previous Year
(a) Cash on hand		**7**	3
(b) Cheques on hand		**424**	–
(c) Balances with scheduled banks :			
– On current account	**1123**		1293
– On deposit account	**78149**		6371
		79272	7664
(d) Balances with other banks :			
– On call deposits with ABN AMRO Bank, London (Maximum Balance Rs. 31508 lakhs, Previous Year Rs. 16418 lakhs)	**7357**		14287
– On term deposit account with ABN AMRO Bank, London (Maximum Balance Rs. 5388 lakhs, Previous Year Rs. "Nil")	**5388**		–
– On current account with ABN AMRO Bank, Dubai (Rs. 40359, Previous Year Rs. 83293) (Maximum Balance Rs. 9 lakhs, Previous Year Rs. 10 lakhs)	**–**		1
– On current account with ABN AMRO Bank, Singapore (Maximum Balance Rs. 7 lakhs, Previous Year Rs. 10 lakhs)	**5**		3
– On call deposits with Citi Bank, London (Maximum Balance Rs. 24092 lakhs, Previous Year Rs. 4892 lakhs)	**11192**		38
		23942	14329
		103645	21996

			(Rs. in lakhs) Previous Year

SCHEDULE "9" :
OTHER CURRENT ASSETS :

			Previous Year
(a)	Interest accrued on investments and deposits	**686**	68
(b)	Accrued Income	**563**	868
(c)	Insurance claims receivable (Net of provision for doubtful claims Rs. 61 lakhs, – Previous Year Rs. 61 lakhs)	**5**	156
		1254	1092

SCHEDULE "10" :
LOANS AND ADVANCES :

(Unsecured - considered good,unless otherwise stated)

			Previous Year
(a)	Advances recoverable in cash or in kind or for value to be received. (Net of provision for doubtful advances Rs. 75 lakhs, - Previous Year Rs. 73 lakhs)	**10586**	8059
(b)	Advance to Subsidiaries :		
	– The Great Eastern (Fujairah) L.L.C. (Maximum balance during the year Rs. 32 lakhs, Previous Year Rs. 107 lakhs)	**32**	32
	– Greatship (India) Ltd. (Rs. 4875, Previous Year Rs. 2175) (Maximum balance during the year Rs. 4875, Previous Year Rs. 2175)	**–**	–
	– P & O Travels India Ltd. (Maximum balance during the year Rs. 55 lakhs)	**15**	–
	– Deep Water Services (India) Ltd. (Maximum balance during the year Rs. 2156 lakhs, Previous Year Rs. 1250 lakhs)	**716**	1250
(c)	Agents' current accounts	**1118**	689
(d)	Balances with Customs, Port Trust etc.	**5**	7
		12472	10037

(Rs. in lakhs)

			Previous Year

SCHEDULE "11" :
CURRENT LIABILITIES :

				Previous Year
(a)	Sundry Creditors		**17156**	13579
(b)	Due to a Subsidiary Company		**3**	3
(c)	Advance Charter Hire received		**3662**	2932
(d)	Unpaid dividend *		**440**	572
(e)	Unpaid matured fixed deposits *		**5**	5
(f)	Other Liabilities		**1333**	1233
(g)	Interest accrued but not due		**3333**	2309
(h)	Managerial Remuneration payable		**807**	413
*	There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			
			26739	21046

SCHEDULE "12" :
PROVISIONS :

				Previous Year
(a)	Provision for taxation (Net of Advance tax and tax deducted at source)		**37**	778
(b)	Proposed Dividend		**5710**	7613
(c)	Provision for tax on dividend		**801**	975
(d)	Provision for Retirement benefits		**1486**	349
			8034	9715

SCHEDULE "13" :
MISCELLANEOUS EXPENDITURE :

(to the extent not written off or adjusted)

				Previous Year
(a)	Share Issue Expenses :			
	As per last Balance Sheet	**9**		23
	Less : Amortised during the year	**9**		14
			–	9
(b)	De-merger Expenses :			
	As per last Balance Sheet	**–**		281
	Less : Amortised during the year	**–**		281
			–	–
(c)	Deferred Revenue Expenditure :			
	As per last Balance Sheet	**460**		789
	Less : Amortised during the year	**268**		329
			192	460
			192	469

Schedules Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2005

(Rs. in lakhs)

			Previous Year
SCHEDULE "14" :			
INCOME FROM OPERATIONS :			
Freight and Demurrage		**81692**	43656
Charter Hire		**106797**	75827
Contract Revenue (Gross)		**10938**	9703
(Income-tax deducted at source Rs. 131 lakhs, Previous Year Rs. 169 lakhs)			
Profit on sale of Ships		**2475**	860
Turnover :			
– Property Development	**4917**		3483
– Projects	**265**		1330
		5182	4813
Miscellaneous Receipts		**311**	1195
		207395	136054
SCHEDULE "15" :			
OTHER INCOME :			
Dividend :			
– from subsidiary companies	**16**		–
– from others	**1091**		1676
		1107	1676
Interest earned (Gross) :			
– on term deposits	**1744**		754
– on call deposit	**369**		107
– others	**108**		466
(Income-tax deducted at source Rs. 88 lakhs, Previous Year Rs. 174 lakhs)		**2221**	1327
Profit on sale of Investments :			
– Profit on sale of current investments (net)	**67**		271
– Diminution in value of current investments	**–**		(20)
– Loss on sale/winding up of long term investments (net)	**–**		(64)
		67	187
Gain on foreign currency transactions (net)		**–**	2970
Profit on sale of sundry assets (net)		**887**	173
Provision for doubtful debts & advances written back		**–**	36
Miscellaneous Income		**246**	212
		4528	6581

(Rs. in lakhs)

SCHEDULE "16":
OPERATING EXPENSES :

				Previous Year
(a)	**FLEET :**			
	Direct :			
	Fuel Oil and Water	**11977**		8053
	Port, Light and Canal Dues	**5204**		3777
	Stevedoring, Despatch & Cargo Expenses	**108**		49
	Hire of chartered ships	**10982**		6915
	Brokerage & Commission	**1984**		1330
	Agency Fees	**532**		458
	Others :			
	Wages, Bonus and Other Expenses on Floating Staff	**11721**		8737
	Gratuity	**31**		141
	Contribution to Provident & Other Funds	**133**		91
	Stores	**4782**		4064
	Repairs & Maintenance - Fleet (Including Deferred Revenue Expenditure written off Rs.107 lakhs, Previous Year Rs.158 lakhs)	**18852**		13358
	Insurance & Protection Club Fees	**4394**		2975
	Vessel Management Expenses	**3105**		2059
	Sundry Steamer Expenses	**955**		952
			74760	52959
(b)	**COST OF SALES - PROPERTY DEVELOPMENT :**			
	Opening Stock -			
	– Properties for sale	**23**		249
	– Development work-in-progress	**2951**		4219
		2974		4468
	Add/(Less) : Expenses during the year-			
	– Project Management Fees	**3249**		1810
	– Other project expenses	**18**		79
	– Properties capitalised	**–**		(8)
		6241		6349
	Less : Closing Stock -			
	– Properties for sale	**20**		23
	– Development work-in-progress	**901**		2951
		921		2974
			5320	3375
(c)	**OIL & GAS DIVISION :**			
	Manpower	**351**		349
	Salary & Allowances	**1130**		924
	Gratuity	**5**		23
	Contribution to Provident & Other Funds	**25**		25
	Insurance	**665**		668
	Repairs & Maintenance	**1322**		1464
	Fuel, Water & Supplies	**545**		390
	Brokerage & Commission	**68**		–
	Others	**204**		1141
			4315	4984
			84395	61318

(Rs. in lakhs)

SCHEDULE "17" :
ADMINISTRATION & OTHER EXPENSES :

			Previous Year
Staff Expenses :			
– Salaries & Bonus	**6210**		3199
– Staff Welfare Expenses	**226**		135
– Gratuity	**127**		123
– Contribution to Provident & Other Funds	**245**		250
		6808	3707
Rent		**22**	37
Insurance		**73**	32
Repairs and Maintenance -			
– Buildings	**66**		69
– Others	**187**		81
		253	150
Property Taxes		**15**	12
Miscellaneous Expenses		**3355**	2824
Auditors' Remuneration (including service tax) :			
– Audit Fees	**23**		19
– In Other Capacity :			
Tax Audit	**2**		2
Taxation	**9**		10
Certification & other services	**22**		16
		56	47
Donations		**184**	127
Loss on foreign currency transactions (net)		**683**	–
Share issue expenses written off		**9**	14
De-merger expenses written off		**–**	281
Doubtful debts and advances written off		**161**	86
Provision for Doubtful Debts & Advances (Net)		**4**	–
		11623	7317

SCHEDULE "18":
INTEREST & FINANCE CHARGES :

Interest :		
– Fixed Loans	**7826**	4682
– Other Loans	**52**	144
Finance charges	**1145**	128
	9023	4954
Less : Pre-delivery interest capitalised	**736**	259
	8287	4695

SCHEDULE "19":
PRIOR PERIOD ADJUSTMENTS :

Expenses of prior years	**870**	216
Income tax for prior years	**5**	–
	875	216
Less :		
Excess provisions written back	**98**	177
Income tax refunds for prior years	**–**	405
	98	582
	777	(366)

SCHEDULE "20" :

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 less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings during construction period. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of assets from a country outside India 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.

(d) Inventories :

Inventories are valued as under :

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

(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 :

Expenditure incurred prior to April 1, 2003 is amortised as under :

(i) Share issue expenses other than on issue of Preference Shares are amortised over a period of ten years. Preference Share Issue expenses are amortised over the tenor of the Preference share Issue.

(ii) Deferred revenue expenditure :

–	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 the percentage of completion basis, based on costs incurred and the expected costs to completion.

(h) Property development - Long-Term Contracts :

Income from long-term property development activity is recognised on the percentage of completion basis, [its project having commenced prior to the coming into effect of AS 7, Construction Contracts (Revised)] based on costs incurred and the expected costs to completion. 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 submission of average adjustment by the adjustors.

(j) Retirement benefits :

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and leave encashment in respect of all eligible employees and for pension benefit to wholetime directors of the Company. Contributions under the defined contribution schemes are charged to revenue. The gratuity, leave encashment and pension liability is evaluated at the year end on the basis of actuarial valuations.

(k) Depreciation :

(i) Fleet :

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 Schedule XIV to the Companies Act, 1956, whichever is higher. The useful life as estimated by the management is as under :

Tankers, Supply Vessels & Tugs	–	20 to 23 years
Bulk Carriers	–	23 to 25 years
Gas Carriers	–	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 :

Leasehold land is amortised over the lease period.

Flats and Office premises are depreciated on the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(iv) Other Assets :

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

(v) Depreciation on fleet, rigs and barges is provided on prorata basis and on Other Assets depreciation is provided for the full year on additions and no depreciation is provided in the year of disposal.

(vi) In case of assets depreciated under the straight line method, 95% of the original cost is written off over the estimated useful life. However, if an asset continues in operation beyond the useful life, as estimated by the management, the balance cost is depreciated in the subsequent year.

(l) Foreign Exchange Transactions :

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year are translated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions other than those relating to fixed assets acquired from a country outside India are recognised in the Profit and Loss Account.

(ii) In respect of transactions covered by forward exchange contracts the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract or adjusted to the cost of the fixed asset in case of liabilities incurred for acquiring such assets.

(iii) Exchange differences in respect of forward exchange contracts entered into by the Company to hedge foreign currency risk of firm commitments or highly probable forecast transactions are accounted for on settlement, however losses, if any, are provided for in each period.

(iv) Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the year in which they are cancelled except in case of forward exchange contracts relating to liabilities incurred for acquiring foreign 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 period end whereby net loss, if any, is provided, and net profit is not recognised.

(vi) Currency swaps 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. The gain or loss on repayment and translation thereof is dealt with in the profit and loss account except where the underlying loans relate to acquisition of fixed assets from a country outside India, the same is adjusted to the carrying cost of such fixed assets. The unrealised gains or losses arising on revaluation are included under Loans and Advances / Other liabilities.

(m) Provision for Taxation :

Tax expense comprises both current and deferred tax.

(i) Provision for current income-tax is made on the basis of the assessable income under the Income-tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.

(ii) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non-shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

(n) Provisions and Contingent Liabilities :

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

SCHEDULE "21"
NOTES ON ACCOUNTS :

1. Contingent Liabilities : **(Rs. in lakhs)**

Sr. No.	Particulars	**As on 31.3.2005**	As on 31.3.2004
(i)	Guarantees given by banks including performance and bid bonds, counter guaranteed by the Company.	**3834**	2804
(ii)	Performance guarantee by bank given on behalf of a subsidiary Company.	**428**	428
(iii)	Corporate guarantees including comfort letter given on behalf of subsidiary companies.	**2850**	4000
(iv)	Income Tax demand for non-deduction of tax at source on commission paid to Managers to the GDR issue against which the Company has preferred appeal.	**330**	330
(v)	Sales Tax demands under BST Act for the years 1995-96, 1996-97, 1997-98 and 1998-99 against which the Company has preferred appeals.	**647**	174
(vi)	Lease Tax liability in respect of a matter in which Deputy Commissioner Chennai has filed an appeal before the Sales Tax Appellate Tribunal against order passed in favour of the Company - Rs. 1740 lacs.	**1793**	1740
	Demand by Asst. Commissioner Commercial Tax, Mangalore - Rs. 53 lakhs.		
(vii)	Customs Duty on Tug at Mundra Port	**70**	71
(viii)	ESIC Demand against which the Company has preferred appeal	**–**	8
(ix)	Service Tax demand by The Suptd. of Central Excise - Tuticorin - on Charter Hire Payments	**73**	–
(x)	Possible obligation in respect of matters under abitration	**74**	514
(xi)	Letters of Credit outstanding	**502**	24
(xii)	Demand from the Office of the Collector & District Magistrate, Mumbai City and from Brihanmumbai Mahanagarpalika towards transfer charges for transfer of premises not acknowledged by the Company.	**434**	434
(xiii)	Showcause notice from enforcement directorate.	**–**	273

2. Share Capital :

(a) The 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10/- each issued during 2001-02 were redeemed during the year.

(b) Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, - the allotment of 3,67,032 (Previous Year 3,79,992) 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. 12,960 (Previous year Nil) equity shares have been allotted during the year out of the shares kept out in abeyance.

3. Secured Loans :

Term loans from banks include a syndicated loan of USD 53 million from a consortium of banks against the security of a harbour tug and a financial covenant *inter-alia*, to maintain unencumbered assets of value not less than 1.25 times the said borrowing.

4. Fixed Assets :

(a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 144396 lakhs (Previous Year Rs. 90989 lakhs).

(b) The amount of exchange gain on account of fluctuation of the rupee against foreign curencies, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities deducted from the carrying amount of fixed assets during the year is Rs. 1420 lakhs (Previous Year Rs. 8948 lakhs).

(c) The deed of assignment in respect of the Company's Leasehold property at Worli is yet to be transferred in the name of the Company.

(d) Pursuant to Accounting Standard (AS) 28 Impairment of Assets coming into effect, the Company has identified an ownership flat where its net selling price is estimated to be lower than its value in use. The accumulated impairment loss in respect of this asset amounting to Rs. 135 lakhs as on April 1, 2004 has been adjusted against the opening balance of General Reserve in accordance with the transitional provisions of the standard.

5. Current Assets, Loan and Advances :

(a) Property development work-in-progress includes the proportionate cost of property under development Rs. 79 lakhs (Previous Year Rs. 653 lakhs), which though in the possession of the Company, has not been conveyed in favour of the Company. This property will be conveyed to the Company or its nominees on completion of its development.

(b) Advances recoverable in cash or in kind or for value to be received include loans to Executive Dy. Chairman - Rs. 12 lakhs (Previous Year - Rs. 12 lakhs), maximum amount due during the year - Rs. 12 lakhs (Previous Year 13 lakhs). The said loan has been granted under the Company's housing loan scheme for the employees.

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

7. Deferred Tax :

Pursuant to the introduction of Section 115V under the Income Tax Act, 1961, the Company has opted for computation of it's income from shipping activities under the Tonnage Tax Scheme. Thus income from the business of operating ships will be assessed on the basis of the deemed Tonnage income of the Company and no deferred tax will be applicable to this income as there will be no timing differences. Consequently, the deferred tax liability pertaining to the business of operating ships amounting to Rs. 12882 lakhs an exceptional item, has been reversed during the year and the amount relating to transitional deferred tax liability amounting to Rs. 8144 lakhs drawn from General Reserve on April 1, 2001 has been transferred back to General Reserve.

The break-up of net deferred tax assets/(liability) is as under :

(Rs. in lakhs)

	As on 31.3.2005	As on 31.3.2004
Deferred tax assets :		
Difference between book and tax depreciation	**313**	–
Expenditure disallowable under Section 43B	**3**	317
Diminution in value of investments	**90**	268
Provision for doubtful debts and advances (Net)	**–**	89
	406	674
Deferred tax liabilities :		
Difference between book and tax depreciation	**–**	13081
Deferred revenue expenditure on hold blasting and painting	**–**	69
	–	13150
Net deferred tax assets/(liability)	**406**	(12476)

8. Current Liabilities :

The Company does not owe any sum to Small Scale Industrial Undertakings exceeding Rs. 1 lakh, which is outstanding for more than 30 days.

9. Provisions :

The Company has recognised the following provisions in its accounts in respect of obligations arising from past events, the settlement of which are expected to result in an outflow embodying economic benefits.

(Rs. in lakhs)

Description	Balance as on April 1, 2004	Additions during the year	Reversed/ paid during the year	Balance as on March 31, 2005
Manning dues and related contributions to welfare funds Provisions have been recognised for payment of arrears of wages and other dues to seamen in terms of INSA and other Tribunal awards and in anticipation of wage agreements.	112	1275	–	**1387**
Vessel Performance/Offhire Claims Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute.	403	596	138	**861**
Pool Payable Provision has been recognised for amounts payable to a pool of charterers estimated on the basis of average pool earnings.	231	828	231	**828**

10. Profit and Loss Account :

(a) Dividend income comprises of dividend on long-term investments - Rs. 16 lakhs (Previous Year Rs. "Nil") and on current investments Rs. 1091 lakhs (Previous Year Rs. 1676 lakhs).

(b) The Company has revised the estimated useful life of vehicles from 5 years to 4 years. Consequent to the change in useful life, the depreciation for the year is higher by Rs. 97 lakhs and profit for the year is lower to that extent.

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

(Rs. in lakhs)

			Previous year
(a)	Salaries	**257**	200
(b)	Contribution to Provident fund and Superannuation fund	**70**	53
(c)	Perquisites	**10**	6
(d)	Commission to Whole-time Directors	**720**	360
(e)	Commission to Non-Whole-time Directors	**87**	53
(f)	Sitting fees	**4**	6
	TOTAL	**1148**	678

Note : The above does not include :

– Contribution to Gratuity Fund and provision for retirement leave encashment benefit as separate figures are not available for the Managing Directors and Whole-time Directors.

– Provision for retirement pension benefits of Rs. 1259 lakhs (on the basis of an actuarial valuation) to the Whole-time Directors as per the scheme approved by the Board of Directors during the year.

ii) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 :

(Rs. in lakhs)

			Previous year	
Profit for the year before tax		**79118**		49184
Add/(Less) :				
Managerial Remuneration	**2407**		678	
Provision for doubtful debts and advances	**4**		(36)	
Depreciation as per books	**28500**		20121	
		30911		20763
		110029		69947
Less : Profit on sale of investments	**67**		187	
Prior period adjustments (excluding Income Tax adjustments)	**772**		39	
Depreciation u/s 350 of the Companies Act, 1956	**28500**		20121	
Capital profit on sale of fixed assets	**1959**		195	
		31298		20542
Net Profit for Section 198 of the Companies Act, 1956		**78731**		49405
11% of Net Profit as computed above		**8660**		5435
Total Managerial Remuneration (including commission and provision for retirement pension benefits)		**2403**		672

11. Particulars of investments purchased and sold during the year :

	No. of Units	Face Value (Rs.)	Purchase Cost (Rs. in lakhs)
LIQUID FUNDS :			
Alliance Cash Manager - Ip-Daily Dividend Reinvestment	21,477,555	10.00	2,148
Birla Cash Plus Institutional Premium Plan - Dividend Reinvestment	31,167,854	10.00	3,122
Deutsche Insta Cash Plus Fund - Dividend Reinvestment	15,648,947	10.00	1,565
DSP Merrill Lynch Liquidity Fund - Weekly Dividend Reinvestment	20,340,019	10.00	2,524
Grindlays Cash Fund - Dividend Reinvestment	51,667,556	10.00	5,167
HDFC Liquid Fund - Dividend Reinvestment	65,627,381	10.00	7,377
HSBC Cash Fund - Dividend Reinvestment	28,822,544	10.00	2,912
ING Vysya Liquid Fund - Dividend Reinvestment	27,303,966	10.00	2,732
JM High Liquidity Fund - Dividend Reinvestment	30,177,958	10.00	3,019
Kotak Mahindra Liquid Institutional Premium Plan - Daily Dividend Reinvestment	9,299,234	10.00	1,137
Principal Cash Management Fund - Liquid Dividend Daily Reinvestment	18,843,278	10.00	1,885
Prudential ICICI Liquid Plan Institutional Plus - Weekly Dividend Reinvestment	61,814,448	10.00	7,333
Reliance Liquid Fund - Dividend Reinvestment	34,868,668	10.00	4,566
SBI Magnum Instacash Fund - Dividend Reinvestment	217,220	10.00	23
Templeton India Liquid Fund - Daily Dividend Reinvestment	3,855,963	10.00	386
Templeton India Treasury Management-Institutional - Daily Dividend Reinvestment	943,125	1,000.00	9,432
UTI - Liquid Advantage Fund - Institutional Dividend Reinvestment Plan	6,726,662	1,000.00	1,652
SHORT-TERM FUNDS :			
Grindlays Short-Term Fund - Dividend Reinvestment	10,401,913	10.00	1,041
HDFC Floating Rate Income Fund - Short-term Plan - Dividend Reinvestment	20,339,548	10.00	2,038
HSBC Income Fund - Short-Term - Dividend Reinvestment	6,465,098	10.00	683
JM Floater Fund - Short-Term Plan - Dividend Reinvestment	10,239,264	10.00	1,030
Templeton Floating Income - Short-term Plan - Dividend Reinvestment	20,387,863	10.00	2,040

12. Segment Reporting :

The Company operates in two business segments viz. shipping and offshore. Shipping includes tanker business and dry bulk business. Offshore includes offshore drilling services, marine construction projects and services, offshore support and logistic services, portsupport and terminal services and the air logistics services. Property development and treasury operations do not form part of any segment and are included under others.

The segments have been identified taking into account the nature of operation, the differing risk and returns, organisational structure and the internal reporting system. Revenues, expenses, assets and liabilities have been identified to the segment based on their relationship to the business activity of the segment. Income/expense relating to the enterprise as a whole and not allocable on reasonable basis to business segments are reflected as unallocated corporate income/expenses.

(a) Primary segment reporting by business segment

(Rs. in lakhs)

	Shipping		Offshore		Others		Total	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
REVENUE :								
Total Revenue	**167803**	101385	**34799**	32197	**9321**	9053	**211923**	142635
Less : Inter Segment Revenue	**–**	–	**–**	–	**–**	–	**–**	–
Net Revenue	**167803**	101385	**34799**	32197	**9321**	9053	**211923**	142635
RESULTS :								
Profit/(Loss) before tax and interest	**74646**	38206	**13026**	13204	**3349**	4973	**91021**	56383
Less : Interest							**8287**	4695
Less : Unallocated expenditure							**3616**	2504
Total Profit before tax							**79118**	49184
Provision for tax :								
– current							**2200**	2700
– deferred							**(4738)**	(263)
Profit for the year after tax							**81656**	46747
Prior period adjustments							**(777)**	366
Net Profit							**80879**	47113
OTHER INFORMATION :								
Assets	**279108**	212406	**67421**	56699	**116951**	77258	**463480**	346363
Liabilities	**173051**	113994	**27471**	23790	**44054**	51353	**244576**	189137
Capital Expenditure	**82537**	92692	**16683**	12368	**517**	705	**99737**	105765
Depreciation	**24996**	16803	**2863**	2621	**641**	697	**28500**	20121
Amortisation and other non-cash Expenditures	**241**	252	**–**	–	**36**	372	**277**	624

(b) Secondary segment reporting by geographical segment :

(i) Segment-wise Revenue from Operations & Sales :

(Rs. in lakhs)

		Previous year
Revenue from customers outside India	**126648**	76834
Revenue from customers within India	**85275**	65801
Total	**211923**	142635

(ii) All the assets of the Company are situated/registered in India. Substantial assets of the Company are ships, which are operating across the world. In view of which they cannot be identified by any particular geographical segment.

(iii) In view of (ii) above the total cost incurred during the year, geographical segment-wise is not applicable.

13. Related Party Disclosures :

(i) List of Related Parties :

a) Parties where control exists :

Subsidiary Companies :

The Great Eastern Shipping Co. (London) Ltd.

The Greatship (Singapore) Pte. Ltd.

The Great Eastern (Fujairah) L.L.C.- FZC

Greatship (India) Ltd.

Deep Water Services (India) Ltd.

P&O Travel India Ltd.

The Great Eastern Chartering L.L.C. - (FZC)

b) Other related parties with whom transactions have taken place during the year

Joint Venture :

United Helicharterers Pvt. Ltd.

Associate :

Business Standard Ltd.

Key Management Personnel :

Mr. K.M. Sheth	–	Executive Chairman
Mr. Sudhir J. Mulji	–	Executive Dy. Chairman
Mr. Vijay K. Sheth	–	Managing Director
Mr. Bharat K. Sheth	–	Managing Director

Relatives of Key Management Personnel :

Mr. Sevantilal M. Sheth	–	brother of Executive Chairman
Mr. Ravi K. Sheth	–	son of Executive Chairman and brother of Managing Director

(ii) Transactions with related parties :

(Rs. in lakhs)

Nature of Transaction	**Subsidiary Companies**		**Joint Venture**		**Associate Companies**		**Key Management Personnel**		**Relatives of Key Management Personnel**		**Total**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Sale of goods	**–**	70	**–**	–	**–**	–	**–**	–	**–**	–	**–**	70
Services rendered – Deep Water Services (India) Ltd. Rs. 1475 lakhs	**1475**	1049	**37**	–	**–**	–	**–**	–	**–**	–	**1512**	1049
Services received – The Greatship (Singapore) Pte Ltd. Rs. 344 lakhs – P & O Travel India Ltd. Rs. 809 lakhs	**1153**	524	**–**	–	**–**	594	**4**	3	**–**	–	**1157**	1121
Interest income – Deep Water Services (India) Ltd.	**82**	66	**–**	–	**–**	–	**–**	1	**–**	–	**82**	67
Dividend income – The Greatship (Singapore) Pte Ltd.	**16**	–	**–**	–	**–**	–	**–**	–	**–**	–	**16**	–
Finance received (including loans and equity contributions) – Deep Water Services (India) Ltd. Rs.1716 lakhs	**1746**	284	**–**	–	**–**	4	**–**	65	**–**	–	**1746**	353
Finance provided (including loans and equity contributions) – Deep Water Services (India) Ltd. Rs.1183 lakhs	**1256**	1219	**57**	–	**–**	60	**–**	–	**–**	–	**1313**	1279
Remuneration – Mr. K.M. Sheth Rs. 627 lakhs – Mr. S.J. Mulji Rs. 664 lakhs – Mr. B.K. Sheth Rs. 494 lakhs – Mr. V.K. Sheth Rs. 531 lakhs	**–**	–	**–**	–	**–**	–	**2316**	619	**8**	8	**2324**	627
Guarantees/Comfort letter given – Deep Water Services (India) Ltd. Rs. 2828 lakhs	**3278**	4428	**–**	–	**–**	–	**–**	–	**–**	–	**3278**	4428
Outstanding balance as on 31-03-2005 : Receivables – Deep Water Services (India) Ltd. Rs.966 lakhs	**1030**	1556	**35**	–	**–**	54	**12**	12	**–**	–	**1077**	1622
Payables – The Great Eastern Shipping Co. London Ltd. Rs. 3 lakhs – P & O Travel India Ltd. Rs. 17 lakhs – Deep Water Services (India) Ltd. Rs. 5 lakhs	**25**	3	**–**	–	**–**	–	**–**	–	**–**	–	**25**	3

Note : The significant related party transactions are disclosed separately under each transaction.

14. The Company has a joint venture interest in United Helicharterers Pvt. Ltd. (a Company incorporated in India) as on March 31, 2005 and its proportionate share in the assets, liabilities, income and expenses of the Joint Venture Company, is as under :

Percentage of holding - 26% as on March 31, 2005.

(Rs. in lakhs)

As on December 31, 2004		For the nine months ended December 31, 2004	
Assets	444	Income	1293
Liability	341	Expenditure	1245

15. Basic and diluted earnings per share :

(Rs. in lakhs)

			Previous year
(a)	Profit for the year after tax	**81656**	46747
	(Less)/Add : Prior period adjustments	**(777)**	366
		80879	47113
	Less : Interim dividend on Preference Shares	**253**	787
	Tax on interim dividend on Preference Shares	**33**	101
	Net Profit after tax for Equity Shareholders	**80593**	46225
(b)	Number of Equity Shares as on April 1, 2004	**19,03,27,015**	19,03,27,015
	Add : Shares allotted out of abeyance quota	**12,960**	–
	Number of Equity Shares as on March 31, 2005	**19,03,39,975**	19,03,27,015
	Weighted average number of Equity Shares outstanding during the year	**19,03,35,982**	19,03,27,015
(c)	Face Value of Equity Shares	**Rs. 10**	Rs. 10
(d)	Basic and diluted earnings per share	**Rs. 42.34**	Rs. 24.29

16. 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. 46/43/2005/CL-III dated April 6, 2005.

17. Previous Years figures have been regrouped wherever necessary to conform to current year's clarification.

Cash Flow Statement for the year ended March 31, 2005

		(Rs. in lakhs)	Previous Year
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	NET PROFIT BEFORE TAX :	**79118**	49184
	Adjustments For :		
	Prior year adjustments	**(777)**	366
	Depreciation	**28500**	20121
	Interest earned	**(2221)**	(1327)
	Interest paid	**8287**	4695
	Dividend received	**(1107)**	(1676)
	(Profit)/Loss on investments (Net)	**(887)**	(187)
	(Profit)/loss on sale of sundry assets	**(67)**	(173)
	Share issue expenses written off	**9**	14
	De-merger expenses written off	**–**	281
	Doubtful debts and advances written off/provided	**166**	51
	Deferred revenue expenditure written off	**268**	329
	Foreign exchange	**1695**	(985)
	Operating profit before working capital changes	**112984**	70693
	Adjustments For :		
	Trade & Other Receivables	**(9085)**	(4370)
	Inventories	**1992**	287
	Incomplete Voyages (Net)	**1924**	394
	Trade Payables	**5842**	7078
	Cash Generated From Operations :	**113657**	74082
	Tax Paid	**(2941)**	(2237)
	Net cash flow from operating activities	**110716**	71845
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets	**(100332)**	(114379)
	* Sale proceeds of fixed assets	**7051**	12882
	Purchase of Investments (includes Rs. 130 Lakhs towards investment in Equity of Subsidiary companies and Joint Venture – Previous Year - Rs. 4 Lakhs)	**(67659)**	(165030)
	Sale proceeds of Investments (includes Rs. Nil towards investment in Equity of Subsidiary company – Previous Year - Rs. 210 Lakhs)	**103641**	143040
	Interest received	**1603**	1625
	Dividend received (includes Rs. 16 Lakhs received from a Subsidiary Company - Previous Year Rs. Nil)	**1107**	1676
	Term Deposits with Companies	**–**	4
	Net cash from/(used in) investing activities	**(54589)**	(120182)

(Rs. in lakhs)

		Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares from abeyance quota	**1**	–
Redemption of preference shares	**(7500)**	–
Proceeds from long-term borrowings	**85565**	80308
Repayments of long-term borrowings	**(21951)**	(28718)
Dividend paid	**(19419)**	(12902)
Tax on Dividend paid	**(2501)**	(1686)
Interest paid	**(7694)**	(4901)
Net cash from/(used in) financing activities	**26501**	32101
Net increase/(decrease) in cash and cash equivalents :	**82628**	(16236)
Cash and cash equivalents as at April 1, 2004 (See note below)	**22192**	38428
Cash and cash equivalents as at March 31, 2005 (See note below)	**104820**	22192

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

Note :

Cash and cash equivalent as on	**March 31, 2005**	March 31, 2004
Cash and Bank Balances	**103645**	21996
Effect of exchange rate changes [Loss/(gain)]	**1175**	196
Cash and cash equivalents as restated	**104820**	22192

As per our Report attached hereto
For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
Viraf R. Mehta
Partner
Mumbai, April 29, 2005.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
R. N. Sethna Director

Mumbai, April 29, 2005.

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	31–03–2005

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 lakhs)
Total Liabilities	463480
Total Assets	463480
Sources of Funds :	
Paid-up Capital	19034
Reserves & Surplus	199870
Secured Loans	207975
Unsecured Loans	NIL
Application of Funds :	
Net Fixed Assets	320133
Investments	5753
Deferred Tax Assets	406
Net Current Assets	100395
Misc. Expenditure	192
Accumulated Losses	NIL

IV. Performance of Company :

	Amount (Rs. in lakhs)
Turnover	211923
Total Expenditure	132805
Profit/(Loss) Before Tax	79118
Profit/(Loss) After Tax	81656
Earning Per Share (in Rs.)	42.34
Dividend Rate (%)	90

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

Description	Item Code No.
(i) Shipping	N.A.
(ii) Offshore	N.A.

Consolidated Accounts

combined strength...

Report of the Auditors to the Board of Directors of The Great Eastern Shipping Company Limited on Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of The Great Eastern Shipping Company Limited and its subsidiaries as at March 31, 2005, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, annexed thereto. These consolidated financial statements are the responsibility of The Great Eastern Shipping Company Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect the Group's share of total assets of Rs. 3691 lakhs as at March 31, 2005 and the Group's share of total revenues of Rs. 2438 lakhs for the year ended on that date and net cash inflows amounting to Rs. 1089 lakhs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors. We also did not audit the financial statements of the Company's joint venture, whose financial statements reflect the Group's share of total assets of Rs. 444 lakhs as at March 31, 2005 and the Group's share of total revenues of Rs. 1293 lakhs for the year ended on that date and net cash outflows amounting to Rs. 44 lakhs for the year ended on that date and the Company's associate, whose financial statements reflect the Group's share of loss upto March 31, 2005 of Rs. 2402 lakhs and the Group's share of loss for the year of Rs. 112 lakhs. The Group's share of assets and revenues in the joint venture and losses in the associate has been included in the consolidated financial statements on the basis of unaudited management accounts.

4. We report that the consolidated financial statements have been prepared by the management of The Great Eastern Shipping Company Limited in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of The Great Eastern Shipping Company Limited and its subsidiaries and the unaudited results of the joint venture and associate included in the consolidated financial statements.

5. Based on our audit and on consideration of the reports of other auditors on separate financial statements, unaudited financial statements and other financial information of the components, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of The Great Eastern Shipping Company Limited Group as at March 31, 2005;

b) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations for the year ended on that date; and

c) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. : 32083

Mumbai, April 29, 2005

Consolidated Balance Sheet as at March 31, 2005

	Schedule			(Rs. in lakhs) Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	**1**	**19034**		26533
Reserves and Surplus	**2**	**199660**		127583
			218694	154116
Minority Interest			**148**	–
Loan Funds :				
Secured Loans	**3**		**210860**	149900
Deferred tax liability (net)			**–**	12677
TOTAL			**429702**	316693
APPLICATION OF FUNDS :				
Fixed Assets :	**4**			
Gross Block		**452196**		371961
Less : Depreciation (including impairment)		**164024**		138159
Net Block		**288172**		233802
Ships under Construction/Capital work-in-progress		**32715**		22343
			320887	256145
Investments	**5**		**3717**	39974
Deferred tax assets			**209**	–
Current Assets, Loans and Advances :				
Inventories	**6**	**3166**		5079
Sundry Debtors	**7**	**18153**		11111
Cash and Bank balances	**8**	**107388**		24671
Other Current assets	**9**	**1255**		1052
Loans and Advances	**10**	**12707**		9177
Incomplete Voyages (Net)		**–**		96
		142669		51186
Less : Current Liabilities and Provisions :				
Current Liabilities	**11**	**28131**		21340
Provisions	**12**	**8013**		9741
Incomplete Voyages (Net)		**1828**		–
		37972		31081
Net Current Assets			**104697**	20105
Miscellaneous Expenditure (to the extent not written off or adjusted)	**13**		**192**	469
TOTAL			**429702**	316693
Significant Accounting Policies	**21**			
Notes on Accounts	**22**			

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2005.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
R. N. Sethna Director

Mumbai, April 29, 2005.

Consolidated Profit and Loss Account for the year ended March 31, 2005

	Schedule			(Rs. in lakhs) Previous Year
INCOME :				
Income from Operations	**14**		**215712**	139907
Other Income	**15**		**4520**	7137
			220232	147044
EXPENDITURE :				
Operating Expenses	**16**	**88417**		68095
Administration & Other Expenses	**17**	**12276**		7515
Interest & Finance charges	**18**	**8410**		4776
Depreciation		**28795**		20269
			137898	100655
Profit before tax			**82334**	46389
Less : Provision for taxation				
– Current tax			**2475**	2750
– Deferred tax			**–**	(62)
– Deferred tax liability written back - an exceptional item		**(12866)**		–
Less : Transitional deferred tax liability drawn from General Reserve on 1.4.2001 transferred back		**8144**		–
			(4722)	–
Profit for the year after tax			**84581**	43701
Less/(Add) : Prior period adjustments	**19**		**777**	(360)
			83804	44061
Less : Share in loss of Associates			**112**	101
Less : Minority Interest			**13**	–
			83679	43960
Less : Transfer to Tonnage Tax Reserve Account under Section 115VT of the Income-tax Act,1961			**15000**	–
Less : Transfer to Reserve under Section 33AC of the Income-tax Act,1961			**–**	24000
			68679	19960
Add : Transfer from -				
– Investment Allowance Reserve			**–**	279
– Reserve under Section 33AC of the Income-tax Act, 1961.		**14500**		12500
– Debenture Redemption Reserve		**1900**		–
			16400	12779
			85079	32739
Add : Surplus brought forward from previous year			**7671**	9552
Amount available for appropriation			**92750**	42291
Appropriations :				
– Transfer to Debenture Redemption Reserve		**–**		2275
– Transfer to Capital Redemption Reserve		**7500**		–
– Transfer to Exchange Fluctuation Reserve		**–**		2500
– Transfer to General Reserve		**30000**		15000
– Interim Dividend on Preference Shares		**253**		788
– Interim Dividend on Equity Shares		**11421**		4758
– Proposed Dividend on Equity Shares		**5710**		7613
– Tax on Dividends		**2327**		1686
			57211	34620
Balance Carried Forward			**35539**	7671
Basic and diluted earnings per share (in Rs.)			**43.8**	22.6
Significant Accounting Policies	**20**			
Notes on Accounts	**21**			

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2005.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
R. N. Sethna Director

Mumbai, April 29, 2005.

(Rs. in lakhs)

SCHEDULE "1" :
SHARE CAPITAL :

			Previous Year
AUTHORISED :			
30,00,00,000	Equity Shares of Rs.10 each	**30000**	30000
20,00,00,000	Preference Shares of Rs.10 each	**20000**	20000
		50000	50000
ISSUED :			
19,08,73,056	(Previous Year 19,08,73,056) Equity Shares of Rs.10 each	**19087**	19087
–	(Previous Year 7,50,00,000)10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	–	7500
		19087	26587
SUBSCRIBED :			
19,03,43,123	(Previous Year 19,03,30,163) Equity Shares of Rs.10 each	**19034**	19033
–	(Previous Year 7,50,00,000)10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	–	7500
		19034	26533
PAID-UP :			
19,03,39,975	(Previous Year 19,03,27,015) Equity Shares of Rs.10 each fully paid up	**19034**	19033
–	(Previous Year 7,50,00,000)10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	–	7500
		19034	26533

Notes :

1. Out of above, 92,99,823 (Previous Year 92,99,823) shares are allotted as fully paid up pursuant to a contract without payment being received in cash.
2. The Paid-up Equity Share Capital includes Rs. 30,358 (Previous Year Rs. 30,358), on account of forfeited shares and is net of Calls in Arrears Rs. 40,799 (Previous Year Rs. 41,609).

SCHEDULE "2" :
RESERVES AND SURPLUS :

(Rs. in lakhs)

				Previous Year
(a)	CAPITAL RESERVE ON CONSOLIDATION :			
	On Investment in Subsidiary		**91**	–
(b)	CAPITAL REDEMPTION RESERVE :			
	As per last Balance Sheet	**16354**		16354
	Add : Transfer from Profit and Loss Account	**7500**		–
			23854	16354
(c)	INVESTMENT ALLOWANCE RESERVE :			
	As per last Balance Sheet	**–**		279
	Less : Transfer to Profit & Loss Account	**–**		279
			–	–
(d)	RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT,1961 :			
	As per last Balance Sheet	**38500**		27000
	Less : Transfer to Profit & Loss Account	**14500**		12500
		24000		14500
	Add : Transfer from Profit and Loss Account	**–**		24000
			24000	38500
(e)	TONNAGE TAX RESERVE ACCOUNT UNDER SECTION 115VT OF THE INCOME-TAX ACT,1961 :			
	Transfer from Profit and Loss Account		**15000**	–
(f)	DEBENTURE REDEMPTION RESERVE :			
	As per last Balance Sheet	**8050**		5775
	Add : Transfer from Profit and Loss Account	**–**		2275
		8050		8050
	Less : Transfer to Profit & Loss Account	**1900**		–
			6150	8050
(g)	DIVIDEND EQUALISATION RESERVE :			
	As per last Balance Sheet		**18**	18
(h)	EXCHANGE FLUCTUATION RESERVE :			
	As per last Balance Sheet		**2500**	2500
(i)	SHARE PREMIUM ACCOUNT :			
	As per last Balance Sheet		**15801**	15801
(j)	GENERAL RESERVE :			
	As per last Balance Sheet	**38689**		23723
	Less : Loss on translation of foreign currency balances	**(9)**		34
	Less : Accumulated Impairment loss as on April 1, 2004	**135**		–
		38563		23689
	Add : Deferred tax liability written back	**8144**		–
	Add : Transfer from Profit and Loss Account	**30000**		15000
			76707	38689
(k)	PROFIT AND LOSS ACCOUNT		**35539**	7671
			199660	127583

	(Rs. in lakhs)	Previous Year

SCHEDULE "3" :
SECURED LOANS :

		Previous Year
(a) TERM LOANS :		
– From Banks Secured by mortgage of specific ships, hypothecation of book debts and pledge of deposit receipts with the bank	**181825**	116900
(b) BANK OVERDRAFTS : Secured by hypothecation of book debts and pledge of deposit receipts with the bank	**335**	–
(c) NON-CONVERTIBLE DEBENTURES* :		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each :		
– 11.75% (part F-G) redeemable in two annual instalments from August 31, 2005 to August 31, 2006.	**600**	1100
– 11.75% (part F-G) redeemable in two equal annual instalments from October, 2005 to October, 2006.	**600**	900
– 11.75% (series 6-7) redeemable in two equal annual instalments from November 29, 2005 to November 29, 2006.	**2000**	3000
– 12.10% (part F-G) redeemable in two equal annual instalments from November 17, 2005 to November 17, 2006.	**400**	600
– 10.65% (series III) redeemable on February 14, 2006.	**1500**	2500
– 8.95% redeemable on July 07, 2007.	**9000**	9000
– 6.05% redeemable on September 19, 2010.	**9500**	9500
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each :		
– 10.25% (series 4-7) redeemable in four annual instalments from May 25, 2005 to May 25, 2008.	**5100**	6400
	210860	149900

* Secured by mortgage of specified immovable properties and ships.

SCHEDULE "4" :
FIXED ASSETS :

(Rs. in lakhs)

Particulars	COST					DEPRECIATION						NET BLOCK
	As at April 1, 2004	Assets of subsidiary and Joint Venture as on the effective date	Additions for the year	Deductions for the year [Note 6(b)]	As at March 31, 2005	Upto March 31, 2004	Accumulated Depreciation of Subsidiary and Joint Venture on the effective date	Adjustments in respect of Assets sold/ discarded	For the Year	Upto March 31, 2005	Impairment upto March 31, 2005 [Note 6 (d)]	As at March 31, 2005
Fleet	**353898**	**–**	**87839**	**8872**	**432865**	**129053**	**–**	**2822**	**27714**	**153945**	**–**	**278920**
	274828	*–*	*97731*	*18661*	*353898*	*115935*	*–*	*6290*	*19408*	*129053*	*–*	*224845*
Plant & Machinery :												
–Rigs and Barges	**5212**	**–**	**5**	**–**	**5217**	**4488**	**–**	**–**	**339**	**4827**	**–**	**390**
	4418	*–*	*–*	*–*	*4418*	*4344*	*–*	*–*	*–*	*4344*	*–*	*74*
–Others	**317**	**–**	**581**	**23**	**875**	**229**	**–**	**23**	**72**	**278**	**–**	**597**
	1287	*–*	*794*	*970*	*1111*	*1179*	*–*	*966*	*160*	*373*	*–*	*738*
Land	**4371**	**–**	**444**	**–**	**4815**	**–**	**–**	**–**	**–**	**–**	**–**	**4815**
(Freehold & Perpetual Lease)	*4388*	*–*	*–*	*17*	*4371*	*–*	*–*	*–*	*–*	*–*	*–*	*4371*
Land (Leasehold)	**5**	**4**	**–**	**–**	**9**	**1**	**–**	**–**	**–**	**1**	**–**	**8**
	5	*–*	*–*	*–*	*5*	*1*	*–*	*–*	*–*	*1*	*–*	*4*
Ownership Flats and Office Premises *	**4620**	**–**	**1**	**172**	**4449**	**1470**	**–**	**80**	**146**	**1536**	**135**	**2778**
	4497	*–*	*494*	*371*	*4620*	*1373*	*–*	*69*	*166*	*1470*	*–*	*3150*
Furniture, Fixtures and Office Equipment	**2698**	**129**	**279**	**82**	**3024**	**2387**	**87**	**77**	**264**	**2661**	**–**	**363**
	3414	*–*	*95*	*811*	*2698*	*2792*	*–*	*797*	*392*	*2387*	*–*	*311*
Vehicles	**840**	**57**	**245**	**200**	**942**	**531**	**33**	**181**	**258**	**641**	**–**	**301**
	815	*–*	*120*	*95*	*840*	*453*	*–*	*65*	*143*	*531*	*–*	*309*
SUB-TOTAL	**371961**	**190**	**89394**	**9349**	**452196**	**138159**	**120**	**3183**	**28793**	**163889**	**135**	**288172**
	293652	*–*	*99234*	*20925*	*371961*	*126077*	*–*	*8187*	*20269*	*138159*	*–*	*233802*
Ships under construction/Capital Work-in-Progress												**32715**
												22343
												320887
												256145

* The Ownership Flats & Office Premises include Rs. 13,020, being value of shares held in various co-operative societies.

Previous year figures are in italics.

(Rs. in lakhs)

SCHEDULE "5" :
INVESTMENTS :

	Face Value Rs.	No. of Units	Rs. in lakhs	Previous Year No. of Units	Previous Year Rs. in lakhs
(a) LONG TERM INVESTMENTS :					
(at cost - fully paid)					
Equity Shares : Unquoted					
Associates :					
P & O Travels India Ltd.	10	–	–	8,75,000	100
Business Standard Ltd.	10	1,67,85,787	–	1,67,85,787	112
			–		212
(b) CURRENT INVESTMENTS :					
(at lower of cost and fair value - fully paid)					
Mutual Funds - Liquid/Short Term Schemes- Unquoted			3717		39762
			3717		39974

SCHEDULE "6" :
INVENTORIES :

		Rs. in lakhs	Previous Year
(a)	Fuel oils	2245	2105
(b)	Properties for sale	20	23
(c)	Property development work-in-progress	901	2951
		3166	5079

SCHEDULE "7" :
SUNDRY DEBTORS :

(Unsecured)

		Rs. in lakhs	Previous Year
(a)	Debts outstanding over six months :		
	– Considered good	947	244
	– Considered doubtful	282	323
		1229	567
(b)	Other Debts :		
	– Considered good	17206	10867
	– Considered doubtful	69	–
		17275	10867
Less : Provision for doubtful debts		351	323
		18153	11111

SCHEDULE "8" :
CASH AND BANK BALANCES :

		Rs. in lakhs	Previous Year
(a)	Cash and cheques on hand	451	3
(b)	Balances with scheduled banks :		
	– On current account	3894	2865
	– On deposit account	78315	6371
		82209	9236
(c)	Balances with other banks on call/deposit accounts	24728	15432
		107388	24671

		(Rs. in lakhs) Previous Year
SCHEDULE "9" :		
OTHER CURRENT ASSETS :		
(a) Interest accrued on investments and deposits	**682**	15
(b) Accrued Income	**568**	881
(c) Insurance claims receivable (Net of provision for doubtful claims Rs. 61 lakhs, Previous Year Rs. 61 lakhs)	**5**	156
	1255	1052
SCHEDULE "10" :		
LOANS AND ADVANCES :		
(Unsecured – considered good, unless otherwise stated)		
(a) Advances recoverable in cash or in kind or for value to be received (Net of provision for doubtful advances Rs. 75 lakhs, Previous Year Rs. 73 lakhs)	**11572**	8481
(b) Agents' current accounts	**1118**	689
(c) Balances with Customs, Port Trust etc.	**5**	7
(d) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation)	**12**	–
	12707	9177

(Rs. in lakhs)

SCHEDULE "11" :
CURRENT LIABILITIES :

				Previous Year
(a)	Sundry Creditors		**18524**	13841
(b)	Advance Charter Hire received		**3662**	2932
(c)	Unpaid dividend *		**440**	572
(d)	Unpaid matured fixed deposits *		**5**	5
(e)	Other Liabilities		**1348**	1249
(f)	Interest accrued but not due		**3345**	2328
(g)	Managerial Remuneration payable		**807**	413
*	There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			
			28131	21340

SCHEDULE "12" :
PROVISIONS :

(a)	Provision for taxation (Net of Advance tax and tax deducted at source)		**–**	804
(b)	Proposed Dividend		**5710**	7613
(c)	Provision for tax on dividend		**801**	975
(d)	Provision for Retirement benefits		**1502**	349
			8013	9741

SCHEDULE "13" :
MISCELLANEOUS EXPENDITURE :

(to the extent not written off or adjusted)

(a)	Share Issue Expenses :			
	As per last Balance Sheet	**9**		23
	Less : Amortised during the year	**9**		14
			–	9
(b)	De-merger Expenses :			
	As per last Balance Sheet	**–**		281
	Less : Amortised during the year	**–**		281
			–	–
(c)	Deferred Revenue Expenditure :			
	As per last Balance Sheet	**460**		845
	Less : Amortised during the year	**268**		385
			192	460
			192	469

SCHEDULE "14" :
INCOME FROM OPERATIONS :

			(Rs. in lakhs) Previous Year
Freight and Demurrage		**81692**	43656
Charter Hire		**110170**	77003
Contract Revenue (Gross)		**14114**	12344
(Income-tax deducted at source Rs.131 lakhs, Previous Year Rs.193 lakhs)			
Profit on sale of Ships		**2475**	860
Turnover :			
– Property Development	**4917**		3483
– Projects	**265**		1330
		5182	4813
Miscellaneous Receipts		**2079**	1231
		215712	139907

SCHEDULE "15" :
OTHER INCOME :

Dividend		**1091**	1704
Interest earned (Gross) :			
– On term deposits	**1744**		689
– On call deposit	**369**		107
– Others	**75**		493
(Income-tax deducted at source Rs. 88 lakhs, Previous Year Rs. 174 lakhs)		**2188**	1289
Profit on sale of Investments :			
– Profit on sale of current investments (net)	**67**		271
– Diminution in value of current investments	**–**		(20)
– Loss on sale/winding up of long-term investments (net)	**–**		(64)
		67	187
Gain on foreign currency transactions (net)		**–**	3533
Profit on sale of sundry assets (net)		**889**	173
Provision for doubtful debts & advances written back		**–**	36
Miscellaneous Income		**285**	215
		4520	7137

(Rs. in lakhs)

SCHEDULE "16": OPERATING EXPENSES :

			Previous Year
(a) FLEET :			
Direct :			
Fuel Oil and Water	**12936**		8045
Port, Light and Canal Dues	**5375**		4074
Stevedoring, Despatch & Cargo Expenses	**107**		46
Hire of chartered ships	**10982**		6915
Brokerage & Commission	**2011**		1393
Agency Fees	**476**		396
Others :			
Wages, Bonus and Other Expenses on Floating Staff	**12078**		8986
Gratuity	**31**		141
Contribution to Provident & Other Funds	**133**		91
Stores	**4852**		4131
Repairs & Maintenance – Fleet (Including Deferred Revenue Expenditure written off Rs.107 lakhs, Previous Year Rs.158 lakhs)	**18928**		13328
Insurance & Protection Club Fees	**4505**		3077
Vessel Management Expenses	**3124**		2059
Sundry Steamer Expenses	**951**		950
		76489	53632
(b) COST OF SALES – PROPERTY DEVELOPMENT :			
Opening Stock :			
– Properties for sale	**23**		249
– Development work-in-progress	**2951**		4219
	2974		4468
Add/(Less) : Expenses during the year :			
– Project Management Fees	**3249**		1810
– Other project expenses	**18**		79
– Properties capitalised	**–**		(8)
	6241		6349
Less : Closing Stock :			
– Properties for sale	**20**		23
– Development work-in-progress	**901**		2951
	921		2974
		5320	3375
(c) OIL & GAS DIVISION :			
Manpower	**351**		349
Salary & Allowances	**1130**		875
Gratuity	**5**		23
Contribution to Provident & Other Funds	**25**		25
Insurance	**665**		764
Repairs & Maintenance	**2792**		6830
Fuel, Water & Supplies	**1352**		960
Brokerage & Commission	**68**		–
Others	**220**		1262
		6608	11088
		88417	68095

(Rs. in lakhs)

SCHEDULE "17" : ADMINISTRATION & OTHER EXPENSES :

			Previous Year
Staff Expenses :			
– Salaries & Bonus	6610		3305
– Staff Welfare Expenses	227		135
– Gratuity	127		123
– Contribution to Provident & Other Funds	258		250
		7222	3813
Rent		74	58
Insurance		80	34
Repairs and Maintenance :			
– Buildings	66		69
– Others	218		82
		284	151
Property Taxes		15	12
Miscellaneous Expenses		3537	2870
Auditors' Remuneration (including service tax)		83	69
Donations		184	127
Loss on foreign currency transactions (Net)		616	–
Share issue expenses written off		9	14
De-merger expenses written off		–	281
Doubtful debts and advances written off		163	86
Provision for Doubtful Debts & Advances (Net)		9	–
		12276	7515

SCHEDULE "18" : INTEREST & FINANCE CHARGES :

		Previous Year
Interest :		
– Fixed Loans	7946	4763
– Other Loans	54	144
Finance charges	1146	128
	9146	5035
Less : Pre-delivery interest capitalised	736	259
	8410	4776

SCHEDULE "19": PRIOR PERIOD ADJUSTMENTS :

		Previous Year
Expenses of prior years	870	222
Income tax for prior years	5	–
	875	222
Less :		
Excess provisions written back	98	177
Income tax refunds for prior years	–	405
	98	582
	777	(360)

SCHEDULE "20" :
SIGNIFICANT ACCOUNTING POLICIES :

(a) **Accounting Convention :**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and in conformity with generally accepted accounting principles in India and the Accounting Standards issued by The Institute of Chartered Accountants of India.

(b) **Fixed Assets :**

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings during construction period. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of assets from a country outside India 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.

(d) **Inventories :**

Inventories are valued as under :

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

(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 :**

Expenditure incurred prior to April 1, 2003 is amortised as under :

(i) Share issue expenses other than on issue of Preference Shares are amortised over a period of ten years. Preference Share Issue expenses are amortised over the tenor of the Preference share Issue.

(ii) Deferred revenue expenditure :

– 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 the percentage of completion basis, based on costs incurred and the expected costs to completion.

(h) **Property development - Long-term Contracts :**

Income from long-term property development activity is recognised on the percentage of completion basis, [its project having commenced prior to the coming into effect of (AS)7, Construction Contracts (Revised)] based on costs incurred and the expected costs to completion. 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 submission of average adjustment by the adjustors.

(j) **Retirement benefits :**

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and leave encashment in respect of all eligible employees and for pension benefit to whole time directors of the Company. Contributions under the defined contribution schemes are charged to revenue. The gratuity, leave encashment and pension liability is evaluated at the year end on the basis of actuarial valuations.

(k) **Depreciation :**

(i) Fleet :

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 Schedule XIV to the Companies Act, 1956, whichever is higher. The useful life as estimated by the management is as under :

Tankers, Supply Vessels & Tugs	–	20 to 23 years
Bulk Carriers	–	23 to 25 years
Gas Carriers	–	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 :

Leasehold land is amortised over the lease period.

Flats and Office premises are depreciated on the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(iv) Other Assets :

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

(v) Depreciation on fleet, rigs and barges is provided on prorata basis and on Other Assets depreciation is provided for the full year on additions and no depreciation is provided in the year of disposal.

(vi) In case of assets depreciated under the straight line method, 95% of the original cost is written off over the estimated useful life. However, if an asset continues in operation beyond the useful life, as estimated by the management, the balance cost is depreciated in the subsequent year.

(vii) The depreciation policy of the subsidiary companies are not in uniformity with the depreciation policy of the holding company, however the amount of depreciation in the financial statement of the subsidiaries not being material, no adjustment have been carried out in the consolidated financial statements.

(l) **Foreign Exchange Transactions :**

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year are translated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions other than those relating to fixed assets acquired from a country outside India are recognised in the Profit and Loss Account.

(ii) In respect of transactions covered by forward exchange contracts the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract or adjusted to the cost of the fixed asset in case of liabilities incurred for acquiring such assets.

(iii) Exchange difference in respect of forward exchange contracts entered into by the company to hedge foreign currency risk of firm commitments or highly probable forecast transactions are accounted for on settlement, however losses, if any, are provided for in each period.

(iv) Realised gain or losses on cancellation of forward exchange contracts are 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 foreign 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 period end whereby net loss, if any, is provided, and net profit is not recognised.

(vi) Currency swaps 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. The gain or loss on repayment and translation thereof is dealt with in the profit and loss account except where the underlying loans relate to acquisition of fixed assets from a country outside India, the same is adjusted to the carrying cost of such fixed assets. The unrealised gains or losses arising on revaluation are included under Loans and Advances / Other liabilities.

(m) **Provision for Taxation :**

Tax expense comprises both current and deferred tax :

(i) Provision for current income-tax is made on the basis of the assessable income under the Income-tax Act, 1961, except in case of the foreign subsidiaries. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.

(ii) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non-shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

(n) **Provisions and Contingent Liabilities :**

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

SCHEDULE "21":
NOTES ON CONSOLIDATED ACCOUNTS :

1. Basis of Consolidation :

   The consolidated financial statements relates to The Great Eastern Shipping Company Ltd., the Holding Company and its majority owned subsidiaries. The consolidation of the financial statements of the Company with its subsidiaries has been prepared in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements". The financial statement of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated.

   In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gains / (losses) arising on conversion are recognized under General Reserve as "Loss on translation of foreign currency balances".

   Investment in Associate company is dealt with in accordance with Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements". Effect has been given to the carrying amount of investment in the Associate company using the Equity method. The Company's share of the post acquisition profits or losses is included in the carrying cost of the Investment.

   Investment in Joint Venture is dealt with in accordance with Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures". The Group's interest in the Joint Venture is accounted for using proportionate consolidation method.

   The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2005. The financial statements of the Associate company and Joint Venture are not available as of the reporting date and have thus been consolidated on the basis of accounts drawn upto December 31, 2004.

2. The subsidiary companies considered in the consolidated financial statements are :

Sr. No.	Name of the Company	Country of Incorporation	% of Holding
1.	The Great Eastern Shipping Co. London Ltd.	U.K.	100%
2.	The Greatship (Singapore) Pte. Ltd.	Singapore	100%
3.	The Great Eastern (Fujairah) L.L.C. – FZC	U.A.E.	100%
4.	Greatship (India) Ltd.	India	100%
5.	Deep Water Services (India) Ltd.	India	100%
6.	The Great Eastern Chartering L.L.C. (FZC)	U.A.E.	100%
7.	P&O Travel India Ltd.	India	63.64%

3. The associates considered in the financial statements are :

Sr. No.	Name of the Company	Country of Incorporation	% of Holding
1.	Business Standard Ltd.	India	31.59%
2.	P&O Travel India Ltd.	India	*

   * P&O Travel India Ltd. has become a subsidiary company on June 18, 2004 consequent to an increase in shareholding during the year. The shareholding percentage prior to that date was 25%.

4. The Group's interest in jointly controlled entity (incorporated Joint Venture) is :

Sr. No.	Name of the Company	Country of Incorporation	% of Holding
1.	United Helicharters Pvt. Ltd.	India	26%

5. Contingent Liabilities :

(Rs. in lakhs)

Sr. No.	Particulars	As on 31.03.2005	As on 31.03.2004
(i)	Guarantees given by Banks including Performance and Bid Bonds, counter guaranteed by respective companies.	**4422**	3232
(ii)	Corporate guarantees including comfort letter given.	**2850**	4535
(iii)	Income Tax demand for non-deduction of tax at source on Commission paid to Managers to the GDR issue against which appeal has been preferred.	**330**	330
(iv)	Sales Tax demands under BST Act for the years 1995-96, 1996-97,1997-98 & 1998-99 against which appeals have been preferred.	**647**	174
(v)	Lease Tax liability in respect of a matter in which Deputy Commissioner Chennai has filed an appeal before the Sales Tax Appellate Tribunal against order passed in favour of the Company - Rs.1740 lakhs.	**1793**	1740
	Demand by Asst. Commissioner Commercial Tax, Mangalore – Rs. 53 lakhs.		
(vi)	Customs Duty on re-import of a rig against which writ petition is filed before the High Court.	**3165**	–
(vii)	Customs Duty on Tug at Mundra Port	**70**	71
(viii)	ESIC demand against which the appeal has been preferred.	**–**	8
(ix)	Service Tax demand by The Suptd. of Central Excise - Tuticorin – on Charter Hire Payments.	**73**	–
(x)	Possible obligation in respect of matters under arbitration.	**78**	514
(xi)	Letters of Credit outstanding.	**502**	24
(xii)	Demand from the Office of the Collector & District Magistrate, Mumbai City and from Brihanmumbai Mahanagarpalika towards transfer charges for transfer of premises not acknowledged.	**434**	434
(xiii)	Show Cause notice from enforcement directorate	–	273

6. Fixed Assets :

(a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 144396 lakhs [Previous Year Rs. 90989 lakhs].

(b) The amount of exchange gain on account of fluctuation of the rupee against foreign currencies, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities deducted from the carrying amount of fixed assets during the year is Rs. 1425 lakhs [Previous Year Rs. 9010 lakhs].

(c) The deed of assignment in respect of leasehold property at Worli is yet to be transferred in the name of the Company.

(d) Pursuant to Accounting Standard (AS) 28 Impairment of Assets coming into effect, an ownership flat has been identified where its net selling price is estimated to be lower than its value in use. The accumulated impairment loss in respect of this asset amounting to Rs. 135 lakhs as on April 1, 2004 has been adjusted against the opening balance of General Reserve in accordance with the transitional provisions of the standard.

7. Deferred tax :

Pursuant to the introduction of Section 115V under the Income Tax Act, 1961 the holding company has opted for computation of it's income from shipping activities under the Tonnage Tax Scheme. Thus income from the business of operating ships will be assessed on the basis of the deemed Tonnage Income and no deferred tax will be applicable to this income as there will be no timing differences. Consequently, the deferred tax liability pertaining to the business of operating ships amounting to Rs. 12882 lakhs an exceptional item, has been reversed during the year and the amount relating to transitional deferred tax liability amounting to Rs. 8144 lakhs drawn from General Reserve on April 1, 2001 has been transferred back to General Reserve.

The break up of net deferred tax assets / (liability) is as under:

(Rs. in lakhs)

	As on 31.03.2005	As on 31.03.2004
Deferred tax assets :		
Difference between book and tax depreciation	**306**	–
Expenditure disallowable under Section 43B	**11**	317
Diminution in value of investments	**90**	268
Depreciation and business loss carried forward	**642**	1211
Provision for doubtful debts and advances (Net)	**4**	89
	1053	1885
Deferred tax liabilities :		
Difference between book and tax depreciation	**–**	13100
Deferred revenue expenditure on hold blasting, painting & refurbishment of rig	**844**	1462
	844	14562
Net deferred tax asset/(liability)	**209**	(12677)

8. Provisions :

The Company has recognised the following provisions in its accounts in respect of obligations arising from past events, the settlement of which are expected to result in an outflow embodying economic benefits.

(Rs. in lakhs)

Description	**Balance as on April 1, 2004**	**Additions during the year**	**Reversed / Paid during the year**	**Balance as on March 31, 2005**
Manning dues and related contributions to welfare funds	112	1275	–	**1387**
Provisions have been recognised for payment of arrears of wages and other dues to seamen in terms of INSA and other Tribunal awards and in anticipation of wage agreements.				
Vessel Performance / Offhire Claims	403	596	138	**861**
Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute.				
Pool Payable	231	828	231	**828**
Provision has been recognised for amounts payable to a pool of charterers estimated on the basis of average pool earnings				

9. Investments :

Investment in Associates has been accounted for in the consolidated statements, under the equity method. The particulars of investments in associates are as under :

(Rs. in lakhs)

Previous Year

	P&O Travel India Ltd. *	**Business Standard**	**P&O Travel India Ltd.**	**Business Standard**
Book Value of Investments on Acquisition	–	112	88	218
Goodwill	–	2290	–	2184
Cost of Investment	–	2402	88	2402
Share of Profit / (Loss) in Associates post acquisition	–	(2290)	12	(2189)
Share of Profit / (Loss) in Associates for the year	–	(112)	–	(101)
Carrying Cost	–	–	100	112

* P&O Travel India Ltd. has become a subsidiary company on June 18, 2004 consequent to an increase in shareholding during the year. The shareholding percentage prior to that date was 25%.

10. The proportionate share of assets, liabilities, income and expenditure of the above joint venture company included in these financial statements is as under :

	(Rs. in lakhs)
ASSETS	
Net Block	8
Current Assets	373
Loans and Advances	63
	444
LIABILITIES	
Reserves and Surplus	51
Current Liabilities	341
	392
INCOME	
Income from Operations	1284
Other Income	9
	1293
EXPENDITURE	
Operating Expenses	1131
Administration & Other Expenses	46
Interest & Finance Charges	2
Depreciation	2
Provision for Taxation – Current Tax	27
	1208

11. Segment Reporting :

The group operates in two business segments viz. shipping and offshore. Shipping includes tanker business and dry bulk business. Offshore includes offshore drilling services, marine construction projects and services, offshore support and logistic services, port support and terminal services and the air logistics services. Property development, treasury operations agency services and travel related services do not form part of any segment and are included under others.

The segments have been identified taking into account the nature of operation, the differing risk and returns, organizational structure and the internal reporting system. Revenues, expenses, assets and liabilities have been identified to the segment based on their relationship to the business activity of the segment. Income / expense relating to the enterprise as a whole and not allocable on reasonable basis to business segments are reflected as unallocated corporate income / expenses.

(a) Primary segment reporting by business segment :

(Rs. in lakhs)

	Shipping		Offshore		Others		Total	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
REVENUE :								
Total Revenue	**170228**	103287	**38929**	36302	**11547**	9053	**220704**	148642
Less : Inter Segment Revenue	**–**	–	**–**	–	**–**	–	**472**	1598
Net Revenue	**170228**	103287	**38929**	36302	**11547**	9053	**220232**	147044
RESULTS :								
Profit/(Loss) before tax and interest	**76531**	38812	**14648**	9950	**3181**	4802	**94360**	53564
Less : Interest							**8410**	4776
Less : Unallocated expenditure							**3616**	2399
Total Profit before tax							**82334**	46389
Provision for tax :								
– Current							**2475**	2750
– Deferred							**(4722)**	(62)
Profit for the year after tax							**84581**	43701
Prior period adjustments							**(777)**	360
Share in loss of Associates							**(112)**	(101)
Minority Interest							**(13)**	–
Net Profit							**83679**	43960
OTHER INFORMATION :								
Assets	**282402**	214787	**66540**	57527	**118732**	75460	**467674**	347774
Liabilities	**173099**	114103	**30321**	28310	**45560**	51353	**248980**	193658
Capital Expenditure	**82538**	92696	**16688**	13174	**540**	705	**99766**	106575
Depreciation	**24998**	16807	**3129**	2765	**668**	697	**28795**	20269
Amortisation and other non cash Expenditures	**241**	252	**–**	–	**36**	372	**277**	624

(b) Secondary segment reporting by geographical segment :

(i) Segment-wise Revenue from Operations and Sales :

(Rs. in lakhs)

		Previous Year
Revenue from customers outside India	**129430**	81243
Revenue from customers within India	**90802**	65801
Total	**220232**	147044

(ii) Substantial assets of the Company are ships, which are operating across the world, in view of which they cannot be identified by any particular geographical segment.

(iii) In view of (ii) above the total cost incurred during the year, geographical segment-wise is not applicable.

12. Related Party Disclosures :

(i) List of Related Parties :

Related parties with whom transactions have taken place during the year :

Joint Venture :

United Helicharterers Pvt. Ltd.

Associate :

Business Standard Ltd.

Key Management Personnel :

Mr. K.M. Sheth – Executive Chairman

Mr. Sudhir J. Mulji – Executive Dy. Chairman

Mr. Vijay K. Sheth – Managing Director

Mr. Bharat K. Sheth – Managing Director

Relatives of Key Management Personnel :

Mr. Sevantilal M. Sheth – brother of Executive Chairman

Mr. Ravi K. Sheth – son of Executive Chairman and brother of Managing Director

(ii) Transactions with related parties :

(Rs. in lakhs)

Nature of Transaction	**Associate Companies**		**Key Management Personnel**		**Relatives of Key Management Personnel**		**Total**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Services received – Mr. S.J. Mulji Rs. 4 lakhs	**–**	594	**4**	3	**–**	–	**4**	597
Interest income	**–**	–	**–**	1	**–**	–	**–**	1
Finance received (including loans and equity contributions)	**–**	4	**–**	65	**–**	–	**–**	69
Finance provided (including loans and equity contributions)	**–**	60	**–**	–	**–**	–	**–**	60
Remuneration – Mr. K.M. Sheth Rs. 627 lakhs – Mr. S.J. Mulji Rs. 664 lakhs – Mr. B.K. Sheth Rs. 494 lakhs – Mr. V.K. Sheth Rs. 531 lakhs	**–**	–	**2316**	619	**8**	8	**2324**	627
Outstanding balance as on 31-03-2005 : Receivables – Mr. S.J. Mulji Rs. 12 lakhs	**–**	54	**12**	12	**–**	–	**12**	66

Note : The significant related party transactions are disclosed separately under each transaction.

13. Basic and diluted earnings per share :

			(Rs. in lakhs)
			Previous Year
(a)	Profit for the year after tax	**84581**	43701
	(Less)/Add : Prior period adjustments	**(777)**	360
	Share in loss of Associates	**(112)**	(101)
	Minority Interest	**(13)**	–
		83679	43960
	Less : Interim dividend on Preference Shares	**253**	787
	Tax on interim dividend on Preference Shares	**33**	101
	Net Profit after tax for Equity Shareholders	**83393**	43072
(b)	Number of Equity Shares as on April 1, 2004	**19,03,27,015**	19,03,27,015
	Add : Shares allotted out of abeyance quota	**12,960**	–
	Number of Equity Shares as on March 31, 2005	**19,03,39,975**	19,03,27,015
	Weighted average number of Equity Shares outstanding during the year	**19,03,35,982**	19,03,27,015
(c)	Face value of Equity Share	**Rs. 10**	Rs. 10
(d)	Basic and diluted earnings per share	**Rs. 43.81**	Rs. 22.63

14. Previous Years figures have been regrouped wherever necessary to conform to current years classification.

Consolidated Cash Flow Statement for the year ended March 31, 2005

		(Rs. in lakhs) Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT/(LOSS) BEFORE TAX	**82334**	46389
Adjustments For :		
Prior year adjustments	**(777)**	360
Depreciation	**28795**	20269
Interest earned	**(2188)**	(1289)
Interest paid	**8410**	4776
Dividend received	**(1091)**	(1704)
(Profit)/Loss on investments (Net)	**(67)**	(187)
(Profit)/Loss on sale of sundry assets	**(889)**	(173)
Share issue expenses written off	**9**	14
De-merger expenses written off	**–**	281
Doubtful debts & advances written off/provided	**173**	51
Revenue expenditure deferred	**–**	(698)
Deferred revenue expenditure written off	**268**	1191
Foreign exchange	**1534**	(1434)
Operating profit before working capital changes	**116511**	67846
Adjustments For :		
Trade & Other Receivables	**(10518)**	(3595)
Inventories	**1914**	289
Incomplete Voyages (Net)	**1924**	394
Trade Payables	**6241**	7083
Cash Generated From Operations	**116072**	72017
Tax Paid	**(3016)**	(2262)
Net cash flow from operating activities	**113056**	69755
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(100396)**	(115236)
*Sale proceeds of fixed assets	**7056**	12882
Purchase of Investments	**(67610)**	(169726)
Sale proceeds of Investments	**103641**	147529
Interest received	**1570**	1648
Dividend received	**1091**	1704
Term Deposits with Companies	**–**	4
Net cash from/(used in) investing activities	**(54648)**	(121195)

		(Rs. in lakhs) Previous Year

C. CASH FLOW FROM FINANCING ACTIVITIES :

		Previous Year
Proceeds from issue of equity shares	**9**	–
Proceeds from issue of equity shares from abeyance quota	**1**	–
Redemption of preference shares	**(7500)**	–
Proceeds from long-term borrowings	**85762**	85108
Repayments of long-term borrowings	**(23583)**	(29519)
Dividend paid	**(19419)**	(12902)
Tax on Dividend paid	**(2501)**	(1686)
Interest paid	**(7817)**	(4975)
Net cash from/(used in) in financing activities	**24952**	36026
Net increase/(decrease) in cash and cash equivalents :	**83360**	(15414)
Cash and cash equivalents as at April 1, 2004 (See note below)	**24867**	40281
Cash and cash equivalents of Subsidiary and share in Joint Venture as on the effective dates	**341**	–
Cash and cash equivalents as at March 31, 2005 (See note below)	**108568**	24867

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

Note :

Cash and cash equivalents as on	**March 31, 2005**	March 31, 2004
Cash and bank balances	**107388**	24671
Effect of exchange rate changes [Loss/(gain)]	**1180**	196
Cash and cash equivalents as restated	**108568**	24867

As per our Report attached hereto
For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2005.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
R. N. Sethna Director

Mumbai, April 29, 2005.

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	Greatship (India) Ltd.	Deep Water Services (India) Ltd.	P & O Travel India Ltd.	The Great Eastern* Chartering LLC - (FZC)
2.	Financial Year ended	March 31, 2005	March 31, 2005	March 31, 2005	March 31, 2005	March 31, 2005	March 31, 2005	March 31, 2005
3.	Date from which it became a Subsidiary	July 3, 1985	March 28, 1994	September 11, 1999	June 26, 2002	August 02, 2002	June 18, 2004	November 1, 2004
4.	Extent of interest of the Holding Company in the capital of the Subsidiary	100%	100%	100%	100%	100%	63.64%	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$ 1,937,331	S$ 191,007	US$ (7,170)	Rs. (2,733)	Rs. (5,247,781)	Rs. 3,572,736	Rs. 43,606,456
	(ii) Previous Year since it became Subsidiary	US$ 4,238,545	S$ 709,195	US$ (144,428)	Rs. (22,795)	Rs. 19,150,002	–	–
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	–	–	–	–	–	–	–

* Company was incorporated in November 2004 and its first financial year will close in March 2006.

For and on behalf of the Board

K. M. Sheth Executive Chairman

Vijay K. Sheth Managing Director

Bharat K. Sheth Managing Director

R. N. Sethna Director

Jayesh M. Trivedi
Company Secretary

Mumbai, April 29, 2005.

Subsidiaries

clutches of faith...

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	The Galleries Charters Road Sunningdale Ascot Berkshire SL5 9QJ
REGISTRATION NUMBER	1877474 (England and Wales)
AUDITORS	G R Atkinson FCA Registered Auditor The Galleries Charters Road Sunningdale Berkshire SL5 9QJ
BANKERS	The Royal Bank of Scotland plc Shipping Business Centre 5-10 Great Tower Street London EC3P 3HX Bank of Baroda 31-32 King Street London EC2V 8EN

Report of the Directors for the year ended March 31, 2005

The directors present their report with the financial statements of the Company for the year ended March 31, 2005.

Principal Activities

The principal activities of the Company in the year under review were those of shipowners and charterers.

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

Review of Business

The results for the year and financial position of the Company are as shown in the annexed financial statements.

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

The world shipping market remained buoyant throughout the year, and the Company was able to take full advantage of charter hires fixed at rates substantially higher than the historic average.

Dividends

No dividends will be distributed for the year ended 31st March, 2005.

Directors

The directors during the year under review were:

S.J. Mulji

B.K. Sheth

V.K. Sheth

M.J. Brace

P.B. Kerr-Dineen

W.R. Horkey

The directors holding office at 31st March, 2005 did not hold any beneficial interest in the issued share capital of the Company at 1st April, 2004 or 31st March, 2005.

Post Balance Sheet Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to the financial year ended 31st March, 2005.

Future Developments

The likely developments in the operations of the Company and the expected results of these operations in the financial years subsequent to the year ended 31st March, 2005 are as follows:

Although limited opportunities exist to acquire further ships at reasonable prices, the directors will continue to monitor the market closely. Prospects for future profitability remain good in the light of the continuing firm hire market.

Statement of 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 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 keeping 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 FCA, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

K. R. Engineer – Secretary
April 18, 2005

Report of the Independent Auditors to the Shareholders of The Great Eastern Shipping Co. London Ltd.

We have audited the financial statements of The Great Eastern Shipping Co. London Ltd. for the year ended 31st March, 2005 on pages five to fourteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 that 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 the company's affairs as at 31 March, 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

G.R. Atkinson FCA

Registered Auditor

The Galleries
Charters Road
Sunningdale
Berkshire
SL5 9QJ

April 18, 2005

Profit and Loss Account for the year ended March 31, 2005

	Notes	2005 US$	2005 INR	2004 US$	2004 INR
Turnover	2	**4,540,934**	**203,978,755**	2,773,957	127,907,157
Cost of Sale		**1,854,998**	**83,326,510**	1,513,631	69,781,076
Gross Profit		**2,685,936**	**120,652,245**	1,260,596	58,126,082
Administrative expenses		**301,747**	**13,554,475**	262,641	12,110,377
Operating Profit	4	**2,384,189**	**107,097,770**	997,955	46,015,705
Interest receivable and similar income		**125,297**	**2,689,678**	262,821	9,147,139
		2,509,486	**109,787,448**	1,260,776	55,162,844
Interest payable and similar charges	5	**761**	**34,184**	1,650	76,082
Profit on Ordinary Activities before Taxation		**2,508,725**	**109,753,264**	1,259,126	55,086,763
Tax on profit on ordinary activities	6	**571,394**	**24,998,488**	-	-
Profit for the Financial Year after Taxation		**1,937,331**	**84,754,776**	1,259,126	55,086,763
Retained profit brought forward		**4,238,545**	**185,436,344**	2,979,419	130,349,581
RETAINED PROFIT CARRIED FORWARD		**$6,175,876**	**270,191,120**	$4,238,545	185,436,344

CONTINUING OPERATIONS
None of the Company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES
The Company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements.

Balance Sheet as at March 31, 2005

	Notes	2005 US$	2005 INR	2004 US$	2004 INR
Fixed Assets					
Tangible assets	7	**684,376**	**29,937,995**	687,331	30,070,731
Current Assets					
Debtors	8	**133,639**	**5,846,706**	78,220	3,422,125
Cash at bank and in hand		**6,377,776**	**279,027,700**	3,927,120	171,811,500
		6,511,415	**284,874,406**	4,005,340	175,233,625
Creditors					
Amounts falling due within one year	9	**581,015**	**25,419,406**	112,526	4,923,013
Net Current Assets		**5,930,400**	**259,455,000**	3,892,814	170,310,613
Total Assets less Current Liabilities		**6,614,776**	**289,392,995**	4,580,145	200,381,344
Provision for Liabilities and Charges	11	**97,300**	**4,256,875**	-	-
		$6,517,476	**285,136,120**	$4,580,145	200,381,344
Capital and Reserves					
Called up share capital	12	**301,600**	**13,195,000**	301,600	13,195,000
Dividend equalisation reserve	13	**40,000**	**1,750,000**	40,000	1,750,000
Profit and loss account		**6,175,876**	**270,191,120**	4,238,545	185,436,344
Shareholder's Funds	17	**$6,517,476**	**285,136,120**	$4,580,145	200,381,344

ON BEHALF OF THE BOARD
S. J. Mulji – Director
Approved by the Board on April 18, 2005
The notes form part of these financial statements.

Cash Flow Statement for the year ended March 31, 2005

	Notes	2005 US$	2005 INR	2004 US$	2004 INR
Net cash inflow from operating activities	1	**2,322,983**	**104,426,393**	1,031,166	47,299,246
Returns on investments and Servicing of finance	2	**124,536**	**2,658,421**	261,171	(612,042)
Capital expenditure	2	**(2,504)**	**(112,480)**	(3,469)	(159,956)
		2,445,015	**106,972,334**	1,288,868	46,527,248
Management of liquid resources		**8,143**	**356,256**	(235,716)	(11,194,153)
Financing	2	**(2,502)**	**(112,390)**	(4,802)	(221,374)
Increase in cash in the period		**$2,450,656**	**107,216,200**	$1,048,350	35,111,721
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		**2,450,656**	**107,216,200**	1,048,350	35,111,721
Cash outflow from decrease in debt and lease financing		**2,502**	**112,390**	4,801	221,374
Change in net funds resulting from cash flows		**2,453,158**	**107,328,590**	1,053,151	35,333,095
Movements in net funds in the period		**2,453,158**	**107,328,590**	1,053,151	35,320,087
Net funds at 1 April		**3,924,618**	**171,699,110**	2,871,468	136,366,015
Net funds at 31 March		**$6,377,776**	**279,027,700**	$3,924,618	171,699,110

The notes form part of these financial statements

Notes to the Cash Flow Statement for the year ended March 31, 2005

	Notes	2005 US$	2005 INR	2004 US$	2004 INR
1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES					
Operating profit		**2,384,189**	**107,097,770**	997,955	46,015,705
Depreciation charges		**5,458**	**245,173**	6,448	297,317
Decrease in debtors		**(63,561)**	**(2,780,794)**	91,024	4,584,817
Decrease in creditors		**(3,103)**	**(135,756)**	(64,261)	(3,598,593)
Net cash inflow from operating activities		**2,322,983**	**104,426,393**	1,031,166	47,299,246
2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT					
Returns on investments and servicing of finance					
Interest received		**92,560**	**4,157,795**	56,843	2,621,031
Foreign exchange gains /(losses)		**32,737**	**(1,465,190)**	205,978	(3,156,991)
Interest element of hire purchase or financial lease rentals payments		**(761)**	**(34,184)**	(1,650)	(76,082)
Net cash inflow for returns on Investments and servicing of finance		**124,536**	**2,658,421**	261,171	(612,042)
Capital expenditure					
Purchase of tangible fixed assets		**(2,504)**	**(112,480)**	(3,469)	(159,956)
Net cash outflow for capital expenditure		**(2,504)**	**(112,480)**	(3,469)	(159,956)
Management of liquid resources					
Amounts owed to/(by) group undertakings		**8,143**	**356,256**	(235,716)	(11,194,153)
Net cash inflow from management of liquid resources		**8,143**	**356,256**	(235,716)	(11,194,153)
Financing					
HP Repayments		**(2,502)**	**(112,390)**	(4,801)	(221,374)
Net cash outflow from financing		**(2,502)**	**(112,390)**	(4,801)	(221,374)

The notes form part of these financial statements.

3. ANALYSIS OF CHANGES IN NET FUNDS	At 1.4.04 $	Cash Flow $	**At 31.3.05 $**
Net Cash:			
Cash at bank and in hand	3,927,120	2,450,656	**6,377,776**
	3,927,120	2,450,656	**6,377,776**
Debt:			
Hire purchase or finance leases	(2,502)	2,502	–
	(2,502)	2,502	–
Total	3,924,618	2,453,158	**6,377,776**
Analysed in Balance Sheet			
Cash at bank and in hand	3,927,120		**6,377,776**
Hire purchase or finance leases within one year	(2,502)		–
	3,924,618		**6,377,776**

	At 1.4.04 INR	Cash Flow INR	**At 31.03.05 INR**
Net cash:			
Cash at bank and in hand	171,811,500	107,216,200	**279,027,700**
	171,811,500	107,216,200	**279,027,700**
Debt:			
Hire purchase or finance leases	(112,390)	112,390	–
	(112,390)	112,390	–
Total	171,699,110	107,328,590	**279,027,700**
Analysed in Balance Sheet			
Cash at bank and in hand	171,811,500		**279,027,700**
Hire purchase or finance leases within one year	(112,390)		**–**
	171,699,110		**279,027,700**

1. ACCOUNTING POLICIES

Accounting covention

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

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

Ships	–	Straight line over the projected life
Fixtures and fittings	–	20% on reducing balance
Motor vehicles	–	25% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

The financial statements are stated in US Dollars and in Indian Rupees.

Assets and liabilities denominated in other currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Income and expenditure transactions in other currencies are translated into US Dollars at an average rate for the year.

The Indian Rupee equivalent figures are converted from U.S. Dollars at the year-end exchange rate for assets and liabilities, and at the average rate for the year for income and expenditure.

Exchange differences are taken to the profit and loss account for the year.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalized 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 contributions pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity substantially undertaken outside the UK. As an international carrier the company does not have definable geographical markets.

3. STAFF COSTS

	2005 US$	**2005 INR**	2004 US$	2004 INR
Wages and salaries	**105,485**	**4,738,386**	98,716	4,551,795
Social Security costs	**11,212**	**503,643**	10,538	485,907
Other pension costs	**53,173**	**2,388,531**	21,520	992,287
	169,870	**7,630,560**	130,774	6,029,989

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

	2005	2004
Staff (including directors)	**8**	8

4. OPERATING PROFIT

The operating profit is stated after charging :

	2005 US$	2005 INR	2004 US$	2004 INR
Depreciation – owned assets	**5,458**	**245,173**	6,448	297,317
Auditors' remuneration	**6,000**	**269,520**	4,000	184,440
Non-audit work	**38,983**	**1,751,116**	36,372	1,677,113
Directors' emoluments	–	–	–	–

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 US$	2005 INR	2004 US$	2004 INR
Hire purchase	**761**	**34,184**	1,650	76,082

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2005 US$	2005 INR	2004 US$	2004 INR
Current Tax:				
UK corporation tax	**474,094**	**20,741,613**	–	–
Deferred taxation	**97,300**	**4,256,875**	–	–
Tax on profit on ordinary activities	**571,394**	**24,998,488**	–	–

UK corporation tax has been charged at 30%

7. TANGIBLE FIXED ASSETS

	Ships $	Fixtures and fittings $	Motor vehicles $	Totals $
COST:				
At 1 April 2004	2,764,412	48,156	88,729	2,901,297
Additions	–	2,504	–	2,504
At 31 March 2005	2,764,412	50,660	88,729	2,903,801
DEPRECIATION:				
At 1 April 2004	2,099,210	37,458	77,299	2,213,967
Charge for year	–	2,601	2,857	5,458
At 31 March 2005	2,099,210	40,059	80,156	2,219,425
NET BOOKVALUE:				
At 31 March 2005	665,202	10,601	8,573	684,376
At 31 March 2004	665,202	10,699	11,430	687,331
COST:	INR	INR	INR	INR
At 1 April 2004	120,943,025	2,106,825	3,881,894	126,931,744
Additions	–	112,480	–	112,480
At 31 March 2005	120,943,025	2,219,305	3,881,894	127,044,224
DEPRECIATION:				
At 1 April 2004	91,840,438	1,638,787	3,381,831	96,861,056
Charge for year	–	116,837	128,336	245,173
At 31 March 2005	91,840,438	1,755,624	3,510,167	97,106,229
NET BOOKVALUE:				
At 31 March 2005	29,102,587	463,681	371,727	29,937,995
At 31 March 2004	29,102,587	468,081	500,063	30,070,731

8. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2005	2004	2004
	US$	INR	US$	INR
VAT	1,298	56,788	1,100	48,125
Other debtors	–	–	2,089	91,394
Prepayments	132,341	5,789,918	66,888	2,926,350
Amounts owed by group undertakings	–	–	8,143	356,256
	133,639	5,846,706	78,220	3,422,125

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2005	2004	2004
	US$	INR	US$	INR
Hire Purchase	–	–	2,502	109,463
Social Security & Other Taxes	2,087	91,306	1,750	76,562
Taxation	474,094	20,741,613	–	–
Accrued expenses	104,834	4,586,487	108,274	4,736,988
	581,015	25,419,406	112,526	4,923,013

10. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	Land and building operating Leases			
	2005	2005	2004	2004
	US$	INR	US$	INR
Expiring :				
Between one and five years	22,393	979,694	21,830	955,063

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2005	2005	2004	2004
	US$	INR	US$	INR
Deferred taxation	97,300	4,256,875	–	–

	Deferred tax $	
Accelerated capital allowances	97,300	4,256,875
Balance at 31March 2005	97,300	4,256,875

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid :

Number:	Class :	Nominal Value:	2005	2005	2004	2004
			US$	INR	US$	INR
30,160	Ordinary	£ 10	301,600	13,195,000	301,600	13,195,000

13. DIVIDEND EQUALIZATION RESERVE

	2005	2005	2004	2004
	US$	INR	US$	INR
Brought forward	40,000	1,750,000	40,000	1,750,000

14. ULTIMATE PARENT COMPANY

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

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2005 other then unquantifiable amounts in respect of warranties given in the normal course of business.

16. 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.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUND

	2005	**2005**	2004	2004
	US$	**INR**	US$	INR
Profit for the financial year	**1,937,331**	**84,754,776**	1,259,126	55,086,763
Net addition to shareholders' fund	**1,937,331**	**84,754,776**	1,259,126	55,086,763
Opening shareholders' funds	**4,580,145**	**200,381,344**	3,321,019	145,294,581
Closing shareholder's funds	**6,517,476**	**285,136,120**	4,580,145	200,381,344
Equity interests	**6,517,476**	**285,136,120**	4,580,145	200,381,344

THE GREATSHIP (SINGAPORE) PTE. LTD.

A Subsidiary Company

Directors	Pradyumna R. Naware Jaya Prakash Balan Wasudeo
Company Secretary	Cheng Lian Siang
Registered Office	61 Robinson Road #09-03 Robinson Centre Singapore 068893
Registration Number	199401313D
Auditors	Shanker Iyer & Co.

The directors present their report to the member together with the audited financial statements of the Company for the financial year ended 31 March, 2005.

DIRECTORS

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

Naware Pradyumna Raghunath

Jaya Prakash

Balan Wasudeo

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 object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, 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 any interest in the shares or debentures 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.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the company 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 the director is a member, or with a company in which the director has a substantial financial interest.

SHARE OPTIONS

There were no share 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 as auditors.

On behalf of the Board

Naware Pradyumna Raghunath
Director

Jaya Prakash
Director

April 15, 2005

STATEMENT BY DIRECTORS

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

(a) the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement 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 2005 and of the results, changes in equity and cash flows 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.

The board of directors authorised these financial statements for issue on 15 April, 2005.

On behalf of the Board

Naware Pradyumna Raghunath
Director

Jaya Prakash
Director

April 15, 2005

Auditors' Report to the Member of The Greatship (Singapore) Pte. Ltd.

We have audited the accompanying financial statements of THE GREATSHIP (SINGAPORE) PTE. LTD. as set out on pages 115 to 121 for the year ended 31 March, 2005. 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 Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2005 and the results, changes in equity and cash flows of the company for the year ended on that date; and

(b) the accounting and other records 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

April 15, 2005

Balance Sheet as at March 31, 2005

	Note	2005 S$	2005 Rs.	2004 S$	2004 Rs.
NON-CURRENT ASSET					
Plant and equipment	3	**28,809**	**764,879**	7,518	196,596
CURRENT ASSETS					
Cash and cash equivalents	4	**1,225,350**	**32,533,043**	1,219,884	31,899,967
Trade receivables		**14,357**	**381,178**	10,578	276,615
Other receivables	5	**53,105**	**1,409,938**	58,476	1,529,147
Amount owing by holding company	6	**20**	**531**	1,003	26,228
		1,292,832	**34,324,690**	1,289,941	33,731,957
CURRENT LIABILITIES					
Trade payables		**40,662**	**1,079,576**	68,995	1,804,219
Other payables	7	**56,277**	**1,494,154**	101,769	2,661,260
Provision for taxation		**38,000**	**1,008,900**	71,000	1,856,650
		134,939	**3,582,630**	241,764	6,322,129
NET CURRENT ASSETS		**1,157,893**	**30,742,060**	1,048,177	27,409,828
NET ASSETS		**1,186,702**	**31,506,939**	1,055,695	27,606,424
SHAREHOLDER'S EQUITY					
Share capital	8	**500,000**	**13,075,000**	500,000	13,075,000
Retained profits		**686,702**	**18,431,939**	555,695	14,531,424
TOTAL EQUITY		**1,186,702**	**31,506,939**	1,055,695	27,606,424

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

Income Statement for the year ended March 31, 2005

	Note	2005 S$	2005 Rs.	2004 S$	2004 Rs.
REVENUES					
Agency income		**247,327**	**6,566,532**	303,550	7,937,833
Disbursement income		**1,114,094**	**29,579,196**	1,709,172	44,694,848
Interest income		**5,254**	**139,494**	2,750	71,912
Other income		**24,418**	**648,298**	3,600	94,140
Gain on disposal of plant and equipment		**–**	**–**	500	13,075
Total revenues		**1,391,093**	**36,933,520**	2,019,572	52,811,808
COSTS AND EXPENSES					
Disbursement expenses		**919,742**	**24,419,150**	1,352,528	35,368,607
Depreciation of plant and equipment	3	**12,663**	**336,203**	4,410	115,322
Exchange loss		**3,640**	**96,642**	9,592	250,831
Plant and equipment written off		**–**	**–**	334	8,734
Staff and related costs		**142,362**	**3,779,711**	168,558	4,407,792
Operating expenses		**83,959**	**2,229,111**	72,735	1,902,020
Total costs and expenses		**1,162,366**	**30,860,817**	1,608,157	42,053,306
PROFIT FROM OPERATIONS		**228,727**	**6,072,703**	411,415	10,758,502
FINANCE COST		**–**	**–**	(230)	(6,014)
PROFIT BEFORE TAXATION	9	**228,727**	**6,072,703**	411,185	10,752,488
TAXATION	10	**(37,720)**	**(1,001,466)**	(69,745)	(1,823,832)
PROFIT AFTER TAXATION		**191,007**	**5,071,237**	341,440	8,928,656

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

Statement of Changes in Shareholder's Equity for the year ended March 31, 2005

	Note	Share Capital S$	Share Capital Rs.	Retained Profits S$	Retained Profits Rs.	Total S$	Total Rs.
2005							
Balance as at 1 April, 2005		500,000	13,075,000	555,695	14,531,424	1,055,695	27,606,424
Foreign translation difference		–	–	–	422,278	–	422,278
Profit after taxation		–	–	191,007	5,071,237	191,007	5,071,237
Dividend of 15% less tax at 20%		–	–	(60,000)	(1,593,000)	(60,000)	(1,593,000)
Balance as at 31 March, 2005		500,000	13,075,000	686,702	18,431,939	1,186,702	31,506,939
2004							
Balance as at 1 April, 2003		500,000	13,075,000	214,255	5,602,768	714,255	18,677,768
Profit after taxation		–	–	341,440	8,928,656	341,440	8,928,656
Balance as at 31 March, 2004		500,000	13,075,000	555,695	14,531,424	1,055,695	27,606,424

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

Cash Flow Statement for the year ended March 31, 2005

	Note	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Cash Flows from Operating Activities					
Profit before taxation		**228,727**	**6,072,703**	411,185	10,752,488
Adjustments for :					
Depreciation of plant and equipment		**12,663**	**336,203**	4,410	115,322
Exchange loss		**3,640**	**96,642**	9,592	250,831
Gain on disposal of plant and equipment		**–**	**–**	(500)	(13,075)
Plant and equipment written off		**–**	**–**	334	8,734
Interest expense		**–**	**–**	230	6,014
Interest income		**(5,254)**	**(139,494)**	(2,750)	(71,912)
Cash Flows generated from Operations before changes in working capital		**239,776**	**6,366,054**	422,501	11,048,402
Working capital changes, excluding changes relating to cash :					
Trade receivables		**(3,779)**	**(100,332)**	(3,811)	(99,657)
Other receivables		**5,371**	**142,600**	(39,658)	(1,037,057)
Amount owing by holding company		**983**	**26,099**	12,891	337,100
Trade payables		**(28,333)**	**(752,241)**	27,596	721,635
Other payables		**(45,492)**	**(1,207,813)**	(17,778)	(464,895)
Cash generated from Operations		**168,526**	**4,474,367**	401,741	10,505,528
Income tax paid		**(70,720)**	**(1,877,616)**	(2,193)	(57,347)
Interest paid		**–**	**–**	(230)	(6,014)
Interest received		**5,254**	**139,494**	2,583	67,545
Net cash generated from Operating Activities		**103,060**	**2,736,245**	401,901	10,509,712
Cash Flows from Investing Activities					
Proceeds from sale of plant and equipment		**–**	**–**	500	13,075
Purchase of plant and equipment		**(33,954)**	**(901,478)**	(7,632)	(199,577)
Net cash absorbed by Investing Activities		**(33,954)**	**(901,478)**	(7,132)	(186,502)
Cash Flows from Financing Activity					
Dividend paid		**(60,000)**	**(1,593,000)**	–	–
Net cash absorbed by Financing Activity		**(60,000)**	**(1,593,000)**	–	–
Net increase in cash and cash equivalents		**9,106**	**241,765**	394,769	10,323,210
Unrealised exchange loss on cash and cash equivalents		**(3,640)**	**(96,642)**	(9,592)	(250,831)
Cash and cash equivalents at the beginning of the year		**1,219,884**	**32,387,920**	834,707	21,827,588
Cash and cash equivalents at the end of the year	4	**1,225,350**	**32,533,043**	1,219,884	31,899,967

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

1. CORPORATE INFORMATION

The Company's principal place of business is at :

61 Robinson Road, # 09-03 Robinson Centre, Singapore 068893

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 31 March, 2005 was 2 (2004 : 2).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act.

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

The audited financial statements of the Company, prepared in accordance with the laws of Singapore, the country of incorporation, do not include the Indian Rupee equivalent figures, which have been arrived at by applying the year end interbank exchange rate of S$1= Rs. 26.55 (2004 : S$1 = Rs. 26.15).

(b) 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.

(c) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income statement. When plant and equipment are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the income statement.

(d) Depreciation of 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	50%
Furniture and fittings	$33\frac{1}{3}$%
Renovation	$33\frac{1}{3}$%
Office equipment	20%

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

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and fixed deposits.

(f) Trade and other receivables

Trade and other receivables are recognised and carried at original invoiced amount less any provision for uncollectible amounts. A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(g) Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

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

(ii) Disbursement income is recognised upon completion of services.

(iii) Interest income arising from bank deposits is recognised on an accrual basis.

(i) Income tax

Income tax expense is calculated on the basis of tax effect accounting, using the liability method and is applied to all significant temporary differences.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

(j) **Impairment of assets**

The carrying amounts of the Company's assets are reviewed at each balance sheet date. If any indication of impairment exists, an impairment loss is recognised to the extent of the excess of the carrying amount over the estimated recoverable amount.

(k) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(l) **Employee benefits**

Defined Contribution Plan

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as an expense in the income statement in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made of the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(m) **Operating lease**

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

3. PLANT AND EQUIPMENT

	Computers	Furniture and fittings	Renovation	Office equipment	Total
	S$	S$	S$	S$	S$
2005					
Cost					
At 1 April 2004	8,486	8,592	13,770	8,810	39,658
Additions	2,145	–	28,321	3,488	33,954
At 31 March 2005	10,631	8,592	42,091	12,298	73,612
At 1 April 2004	7,032	8,333	13,770	3,005	32,140
Charge for the year	1,831	186	8,654	1,992	12,663
At 31 March 2005	8,863	8,519	22,424	4,997	44,803
Net book value					
At 31 March 2005	1,768	73	19,667	7,301	28,809
2004					
Cost					
At 1 April 2003	9,404	8,592	13,770	8,274	40,040
Additions	2,053	–	–	5,579	7,632
Disposal	(2,971)	–	–	–	(2,971)
Written off	–	–	–	(5,043)	(5,043)
At 31 March 2004	8,486	8,592	13,770	8,810	39,658
Accumulated depreciation					
At 1 April 2003	7,209	8,116	13,005	7,080	35,410
Charge for the year	2,794	217	765	634	4,410
Disposal	(2,971)	–	–	–	(2,971)
Written off	–	–	–	(4,709)	(4,709)
At 31 March 2004	7,032	8,333	13,770	3,005	32,140
Net book value					
At 31 March 2004	1,454	259	–	5,805	7,518

3. PLANT AND EQUIPMENT (Contd.)

	Computers	Furniture and fittings	Renovation	Office equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
2005					
Cost					
At 1 April 2004	221,908	224,682	360,085	230,382	1,037,057
Additions	56,950	–	751,922	92,606	901,478
Foreign translation difference	3,395	3,436	5,509	3,524	15,864
At 31 March 2005	282,253	228,118	1,117,516	326,512	1,954,399
At 1 April 2004	183,886	217,909	360,085	78,581	840,461
Charge for the year	48,613	4,938	229,764	52,888	336,203
Foreign translation difference	2,814	3,332	5,508	1,202	12,856
At 31 March 2005	235,313	226,179	595,357	132,671	1,189,520
Net book value					
At 31 March 2005	46,940	1,939	522,159	193,841	764,879
2004					
Cost					
At 1 April 2003	245,914	224,682	360,085	216,365	1,047,046
Additions	53,686	–	–	145,891	199,577
Disposal	(77,692)	–	–	–	(77,692)
Written off	–	–	–	(131,874)	(131,874)
At 31 March 2004	221,908	224,682	360,085	230,382	1,037,057
Accumulated depreciation					
At 1 April 2003	188,515	212,233	340,081	185,142	925,971
Charge for the year	73,063	5,676	20,004	16,579	115,322
Disposal	(77,692)	–	–	–	(77,692)
Written off	–	–	–	(123,140)	(123,140)
At 31 March 2004	183,886	217,909	360,085	78,581	840,461
Net book value					
At 31 March 2004	38,022	6,773	–	151,801	196,596

4. CASH AND CASH EQUIVALENTS

	2005	**2005**	2004	2004
	S$	**Rs.**	S$	Rs.
Cash in hand	**323**	**8,576**	48	1,255
Cash at bank	**768,315**	**20,398,763**	766,726	20,049,885
Fixed deposit	**456,712**	**12,125,704**	453,110	11,848,827
	1,225,350	**32,533,043**	1,219,884	31,899,967

5. OTHER RECEIVABLES

	2005	**2005**	2004	2004
	S$	**Rs.**	S$	Rs.
Other debtors	**10,410**	**276,386**	15,186	397,114
Deposits	**39,048**	**1,036,724**	39,110	1,022,726
Prepayments	**3,647**	**96,828**	4,180	109,307
	53,105	**1,409,938**	58,476	1,529,147

6. AMOUNT OWING BY HOLDING COMPANY

The immediate and ultimate holding company is The Great Eastern Shipping Company Limited, a company incorporated in India. The amount owing by holding company is trade in nature, unsecured, interest free and has no fixed terms of repayment.

7. OTHER PAYABLES

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Advances received	**–**	**–**	30	785
Accruals	**47,961**	**1,273,364**	94,253	2,464,716
Other creditors	**8,316**	**220,790**	7,486	195,759
	56,277	**1,494,154**	101,769	2,661,260

8. SHARE CAPITAL

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Authorised				
500,000 ordinary shares of S$1 each	**500,000**	**13,075,000**	500,000	13,075,000
Issued and fully paid				
500,000 ordinary shares of S$1 each	**500,000**	**13,075,000**	500,000	13,075,000

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging :

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Director's fees	**3,500**	**92,925**	3,500	91,525
Office rental – operating lease	**28,670**	**761,189**	22,873	598,129
Staff CPF contribution	**17,261**	**458,280**	12,800	334,720

10. TAXATION

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Current year provision	**38,000**	**1,008,900**	71,000	1,856,650
Over provision for prior year	**(280)**	**(7,434)**	(1,255)	(32,818)
	37,720	**1,001,466**	69,745	1,823,832

The current year income tax expense varied from the amount of income tax expense determined by applying the applicable Singapore statutory income tax rate to the profit before income tax as a result of the following differences :

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Accounting profit	**228,727**	**6,072,703**	411,185	10,752,488
Income tax expense at applicable rate	**35,000**	**929,250**	71,738	1,875,949
Non allowable items	**2,600**	**69,030**	2,817	73,664
Temporary differences	**(300)**	**(7,965)**	(481)	(12,578)
Over provision in prior years	**(280)**	**(7,434)**	(1,255)	(32,818)
Utilisation of unutilised capital allowances	**–**	**–**	(254)	(6,642)
Utilisation of unabsorbed tax losses	**–**	**–**	(3,099)	(81,039)
Others	**700**	**18,585**	279	7,296
	37,720	**1,001,466**	69,745	1,823,832

11. DIVIDENDS

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Ordinary dividend paid or proposed :				
Final dividends paid 15 cents per share, net of tax at 20% (2004 : Nil)	**60,000**	**1,593,000**	–	–

At the forthcoming Annual General Meeting, a final dividend of 15 cents per share net of tax of 20% amounting to a total of approximately S$ 60,000 is to be recommended. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholder's equity as an appropriation of retained earnings in the year ending 31 March, 2006.

12. RELATED PARTY TRANSACTIONS

The Company has the following significant transactions with the holding company on terms agreed between them as follows :

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Agency fees billed to holding company	**226,313**	**6,008,610**	236,150	6,175,323
Disbursement income billed to holding company	**1,025,987**	**27,239,955**	1,458,947	38,151,464

13. OPERATING LEASE COMMITMENTS

At the balance sheet date, the commitments in respect of operating leases are as follows :

	2005 S$	2005 Rs.	2004 S$	2004 Rs.
Due within one year	**32,517**	**863,326**	20,415	533,852
Due within two to five years	**43,357**	**1,151,128**	84,320	2,204,968
	75,874	**2,014,454**	104,735	2,738,820

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

The Company has no significant liquidity risk.

Foreign currency risk

The majority of the Company's trading transactions are denominated in matching foreign currencies, therefore, there is a certain amount of natural hedge. The Company does not use any hedging instruments to protect against the volatility associated with foreign currency transactions, other assets and liabilities created in the normal course of business.

Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates because it has no borrowings.

Credit risk

The carrying amount of trade and other receivables represents the Company's maximum exposure to credit risk.

Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables and holding company's balance approximate their fair values due to their short-term nature.

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

A Subsidiary Company

Directors	S.J. Mulji Vijay K. Sheth
Registered Office	P.O. Box 5225 Fujairah U.A.E.
Registration Number	99-E-005
Auditors	Messrs Kalyaniwalla & Mistry Chartered Accountants Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai – 400 023
Bankers	ABN–AMRO Bank Dubai U.A.E.

Report of the Directors for the year ended March 31, 2005

The Directors present their report with the financial statements of the Company for the year ended March 31, 2005.

REVIEW OF BUSINESS

The results for the year and financial position of the Company are as shown in the annexed financial statements.

DIVIDEND

No dividends will be distributed for the year ended March 31, 2005.

DIRECTORS

The Directors of the Company during the year under review were:

S.J. Mulji

Vijay K. Sheth

STATEMENT OF 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 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 keeping 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.

AUDITORS

Messrs Kalyaniwalla & Mistry, Chartered Accountants were appointed as the auditors of the Company for the financial year 2004-05 in place of G.R. Atkinson FCA. They have expressed their willingness to accept re-appointment as auditors for the financial year 2005-06.

ON BEHALF OF THE BOARD

S.J. Mulji – DIRECTOR

April 28, 2005

Report of the Auditors to the Members of The Great Eastern (Fujairah) L.L.C. – FZC

1) We have audited the attached Balance Sheet of The Great Eastern (Fujairah) L.L.C. - FZC, as at March 31, 2005 and the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) 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) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

c) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Schedule 7 to the Accounts.

d) 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 a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;

ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. : 32083

April 28, 2005

Balance Sheet as at March 31, 2005

	Schedule	US $	Rupees	US $ Previous Year	Rupees Previous Year
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	**150,000**	**6,562,500**	150,000	6,562,500
Loan Funds					
Unsecured Loans	2	**74,000**	**3,237,500**	74,000	3,237,500
TOTAL		**224,000**	**9,800,000**	224,000	9,800,000
APPLICATION OF FUNDS					
Current Assets, Loans and Advances					
Cash and Bank Balances	3	**68,160**	**2,982,001**	83,314	3,644,988
Loans and Advances	4	**5,115**	**223,781**	5,027	219,931
		73,275	**3,205,782**	88,341	3,864,919
Less : Current Liabilities and Provisions					
Current Liabilities	5	**873**	**38,194**	8,769	383,644
Net Current Assets		**72,402**	**3,167,588**	79,572	3,481,275
Profit and Loss Account		**151,598**	**6,632,412**	144,428	6,318,725
TOTAL		**224,000**	**9,800,000**	224,000	9,800,000
Significant Accounting Policies	7				
Notes on Accounts	8				

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 and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

April 28, 2005

For and on behalf of the Board

S. J. Mulji
Director

Vijay K. Sheth
Director

Profit and Loss Account for the year ended March 31, 2005

	Schedule	US $	Rupees	US $ Previous Year	Rupees Previous Year
INCOME :					
Interest Income		**519**	**22,706**	185	8,094
EXPENDITURE :					
Administration and Other Expenses	6	**7,689**	**336,395**	6,583	288,006
Loss for the year		**7,170**	**313,689**	6,398	279,912
Add : Prior period expenses		**–**	**–**	13,627	596,180
		7,170	**313,689**	20,025	876,092
Less : Provision for Taxation		**–**	**–**	–	–
TOTAL		**7,170**	**313,689**	20,025	876,092
Add : Loss brought forward from previous year		**144,428**	**6,318,723**	124,403	5,442,631
Loss carried forward		**151,598**	**6,632,412**	144,428	6,318,723
Significant Accounting Policies	7				
Notes on Accounts	8				

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

As per our Report attached hereto

For and on behalf of

Kalyaniwalla and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

April 28, 2005

For and on behalf of the Board

S. J. Mulji
Director

Vijay K. Sheth
Director

Schedules annexed to and forming part of the Accounts for the year ended March 31, 2005

	US $	Rupees	US $ Previous Year	Rupees Previous Year
SCHEDULE "1"				
CAPITAL :				
AUTHORISED :				
500,000 (Previous Year 500,000) Ordinary shares of US $ 1/- each	**500,000**	**21,875,000**	500,000	21,875,000
ISSUED, SUBSCRIBED & PAID UP				
150,000 (Previous Year 150,000) Ordinary shares of US $ 1/- each fully paid up	**150,000**	**6,562,500**	150,000	6,562,500
(The entire issued share capital is held by The Great Eastern Shipping Co. Ltd., the holding company)				
	150,000	**6,562,500**	150,000	6,562,500
SCHEDULE "2"				
UNSECURED LOANS :				
Loan from The Great Eastern Shipping Co. Ltd., the holding company	**74,000**	**3,237,500**	74,000	3,237,500
	74,000	**3,237,500**	74,000	3,237,500
SCHEDULE "3"				
CASH AND BANK BALANCES :				
Balances with banks :				
– On current account with : ABN AMRO Bank, Dubai (Maximum Balance US $ 23,858/- Previous Year US $ 153,514/-)	**8,186**	**358,138**	23,858	1,043,788
– On call deposit account ABN AMRO Bank, Dubai (Maximum Balance US $ 59,974/-, Previous Year US $ 81,440/-)	**59,974**	**2,623,863**	59,456	2,601,200
	68,160	**2,982,001**	83,314	3,644,988
SCHEDULE "4"				
LOANS AND ADVANCES :				
(Unsecured – considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received	**5,115**	**223,781**	5,027	219,931
	5,115	**223,781**	5,027	219,931
SCHEDULE "5"				
CURRENT LIABILITIES :				
Sundry Creditors	**625**	**27,344**	625	27,344
Due to The Great Eastern Shipping Co. London Ltd.	**248**	**10,850**	8,144	356,300
	873	**38,194**	8,769	383,644
SCHEDULE "6"				
ADMINISTRATION AND OTHER EXPENSES :				
Office Rent	**6,050**	**264,688**	5,623	246,006
Survey Expenses	**248**	**10,850**	–	–
Licence Fees	**609**	**26,644**	146	6,388
Auditors' remuneration (including service tax) :		**–**		
– Audit Fees	**625**	**27,344**	625	27,344
Miscellaneous expenses	**157**	**6,869**	189	8,269
	7,689	**336,395**	6,583	288,006

SCHEDULE "7"
SIGNIFICANT ACCOUNTING POLICIES :

(a) Accounting Convention :

The financial statements expressed in US Dollars 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) Revenue Recognition :

Interest income arising from bank deposits is recognised on an accrual basis.

(c) Currency Translation :

Monetary assets and liabilities in foreign currencies are translated into US Dollars at rates of exchange ruling at the balance sheet date and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Exchange differences are dealt with through the Profit and Loss Account for the year.

SCHEDULE "8"
NOTES ON ACCOUNTS :

1. Amount due to Holding Company :

The immediate and ultimate holding company is The Great Eastern Shipping Co. Ltd., a Company incorporated in India. The amount due to the holding Company is unsecured, interest free and has no fixed terms of repayment.

2. Related Party Disclosures :

(i) List of Related Parties

(a) Parties where control exists

Holding Company

The Great Eastern Shipping Co. Ltd.

(b) Other related parties with whom transactions have taken during the year :

Fellow Subsidiary

The Great Eastern Shipping Co. London Ltd.

	US $	Rupees	US $ Previous Year	Rupees Previous Year
(ii) Transactions with related parties :				
(a) Reimbursement of insurance, accruals and payments :				
Fellow Subsidiary	**248**	**10,850**	235,716	10,312,575
(b) Repayment of loan :				
Holding Company	**–**	**–**	150,859	6,600,081
(c) Outstanding balances as at March 31, 2005				
(i) Fellow Subsidiary :				
Payables	**248**	**10,850**	8,143	356,256
(ii) Holding Company :				
Share Capital	**150,000**	**6,562,500**	150,000	6,562,500
Unsecured Loan	**74,000**	**3,237,500**	74,000	3,237,500

3. Additional information pursuant to the provisions of paragraphs 4C and 4D of Schedule VI of the Companies Act, 1956, to the extent not applicable are not given.

4. The audited financial statements of The Great Eastern (Fujairah) L.L.C. - FZC are expressed in US Dollars, the currency in which the books of account have been maintained. The audited financial statements do not include the Indian Rupee equivalent figures, which have been arrived at by applying the year-end inter bank exchange rate of USD 1 = INR 43.75 (Previous Year USD 1 = INR 43.75).

5. Previous Years figures have been regrouped wherever necessary to conform to current years classification.

Cash Flow Statement for the year ended on March 31, 2005

	US $	Rupees	US $ Previous Year	Rupees Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :				
NET LOSS BEFORE TAX :	**(7,170)**	**(313,688)**	(6,398)	(279,913)
ADJUSTMENTS FOR :				
Prior year adjustments	**–**	**–**	(13,627)	(596,181)
Interest earned	**(519)**	**(22,706)**	(185)	(8,094)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	**(7,689)**	**(336,394)**	(20,210)	(884,188)
ADJUSTMENTS FOR :				
Trade & Other Receivables	**(88)**	**(3,850)**	222,546	9,736,388
Trade Payables	**(7,896)**	**(345,450)**	(72,324)	(3,164,175)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**(15,673)**	**(685,694)**	130,012	5,688,025
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Interest received	**519**	**22,706**	185	8,094
NET CASH FROM / (USED IN) INVESTING ACTIVITIES :	**519**	**22,706**	185	8,094
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Repayments of borrowings	**–**	**–**	(150,859)	(6,600,081)
NET CASH USED IN FINANCING ACTIVITIES	**–**	**–**	(150,859)	(6,600,081)
Net (decrease) in cash and cash equivalents	**(15,154)**	**(662,988)**	(20,662)	(903,962)
Cash and cash equivalents as at April 1, 2004	**83,314**	**3,644,988**	103,976	4,548,950
Cash and cash equivalents as at March 31, 2005	**68,160**	**2,982,000**	83,314	3,644,988

As per our Report attached hereto

For and on behalf of

Kalyaniwalla and Mistry

Chartered Accountants

Viraf R. Mehta

Partner

April 28, 2005

For and on behalf of the Board

S. J. Mulji

Director

Vijay K. Sheth

Director

THE GREATSHIP (INDIA) LTD.

A Subsidiary Company

Directors	Vijay K. Sheth Bharat K. Sheth Pradyumna R. Naware Balan Wasudeo
Registered Office	Ocean House 134/A, Dr. Annie Besant Road Worli, Mumbai – 400 018
Registration Number	IJ 63090 MH 2002 PLC 136326
Auditors	Messrs Kalyaniwalla & Mistry Chartered Accountants Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai - 400 023

Directors' Report

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Third Report, for the period ended March 31, 2005.

FINANCIAL RESULTS

Your Company for the year ended March 31, 2005 has incurred a loss of Rs. 2,733/-.

DIVIDEND

The Directors do not recommend any dividend for the year in view of the loss sustained by the Company.

CURRENT YEAR

Your Directors had proposed to explore the possibility of undertaking insurance broking as one of its business activities. Accordingly, the Company had proposed an amendment to the Memorandum of Association by passing a special resolution at the Annual General Meeting held on June 24, 2004. An application for approval of the amendment of the Memorandum of Association had been made. However, in order to carry out the activity in the field of insurance various rules and regulations of Insurance Regulatory Development Authority (IRDA) needed to be followed like requirement of minimum capital etc. In view of the current scenario and the various requirements of IRDA, your Directors are of the opinion that it would not be feasible to enter into the insurance sector at this juncture.

DIRECTORS

Mr. Vijay K. Sheth, Director retires by rotation and being eligible, offers himself for re–appointment.

AUDITORS

Messrs Kalyaniwalla & Mistry, Chartered Accountants, retire as auditors of the Company and have given their consent for re-appointment. The Shareholders will be required to elect auditors for the current year and fix their remuneration.

PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information as regard to a) Conservation of Energy and b) Technology Absorption is not applicable to your Company.

PARTICULARS OF EMPLOYEES

There is no employee who was in receipt of remuneration exceeding the limits specified in Section 217 (2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. 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. 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. the Directors had prepared the annual accounts on a going concern basis.

FOREIGN EXCHANGE

There was no :

(a) Foreign exchange earning

(b) Foreign exchange expenditure

during the period under review.

APPRECIATION

Your Directors wish to place on record their gratitude to the Company's bankers for their continuous support.

For and on behalf of the Board

Pradyumna R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 28, 2005

Report of the Auditors to the Members of The Greatship (India) Ltd.

1) We have audited the attached Balance Sheet of The Greatship (India) Ltd., as at March 31, 2005 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2) We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government 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.
4) Further to our comments in the Annexure referred to in paragraph 3 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 such books.
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e) 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 in conformity with the accounting principles generally accepted in India :
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
      ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5) On the basis of the written representations received from the Directors of the Company as on March 31, 2005, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2005, from being appointed as a Director in terms of 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
Membership No. : 32083

Mumbai, April 28, 2005

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date on the accounts of Greatship (India) Ltd. for the year ended March 31, 2005 :

1. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
   (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
2. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register required to be maintained under that section.
3. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
4. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
5. (a) According to the records examined by us, the Company did not have any liability on account of statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess during the year.
   (b) According to the information and explanations given to us and the records examined by us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Service tax, Excise duty or Cess outstanding on account of any dispute.
6. The Company does not have any dues to a financial institution or bank or debenture holders.
7. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
8. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
9. The Company did not deal or trade in shares, securities, debentures or other investments during the financial year.
10. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
11. The Company has not taken any term loans during the year.
12. The Company has not raised any funds on short term basis during the year.
13. The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.
14. The Company has not issued any debentures.
15. The Company has not raised any money through a public issue during the year.
16. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported.
17. In our opinion, the other clauses of the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India are not applicable to the Company for the year.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. : 32083

Mumbai, April 28, 2005

Balance Sheet as at March 31, 2005

	Schedule	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
SOURCES OF FUNDS			
Shareholders' Funds :			
Capital	1	**500,000**	500,000
TOTAL		**500,000**	500,000
APPLICATION OF FUNDS			
Current Assets, Loans and Advances :			
Cash and Bank Balances	2	**481,047**	481,047
Loan and Advances	3	**18,453**	18,453
		499,500	499,500
Less : Current Liabilities and Provisions :			
Current Liabilities	4	**6,528**	3,795
Provision for Tax	5	**18,500**	18,500
		25,028	22,295
Net Current Assets		**474,472**	477,205
Profit and Loss Account		**25,528**	22,795
TOTAL		**500,000**	500,000
Notes on Accounts	6		

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

As per our Report of even date

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 28, 2005

For and on behalf of the Board

Pradyumna R. Naware
Director

Balan Wasudeo
Director

Profit and Loss Account for the year ended March 31, 2005

	Schedule	Year ended March 31, 2005 Rupees	Year ended March 31, 2004 Rupees
INCOME		–	–
		–	–
EXPENDITURE			
Audit Fees		**1,653**	1,620
Bank Charges		–	500
Miscellaneous Expenses		**1,080**	600
		2,733	2,720
Loss for the period before tax		**2,733**	2,720
Provision for taxation of previous year		–	18,500
		2,733	21,220
Balance brought forward		**22,795**	1,575
Balance carried forward		**25,528**	22,795
Earnings per share		**(0.05)**	(0.42)
Notes on Accounts	6		

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

As per our Report of even date

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 28, 2005

For and on behalf of the Board

Pradyumna R. Naware
Director

Balan Wasudeo
Director

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
SCHEDULE "1"		
SHARE CAPITAL		
AUTHORISED :		
50,000 Equity Shares of Rs. 10 each	**500,000**	500,000
ISSUED, SUBSCRIBED & PAID UP :		
50,000 Equity Shares of Rs. 10 each fully paid up	**500,000**	500,000
	500,000	500,000

Note : The entire share capital is held by The Great Eastern Shipping Co. Ltd., the holding company.

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
SCHEDULE "2"		
CASH AND BANK BALANCES		
Balance with a scheduled bank		
– On current account	**481,047**	481,047
	481,047	481,047
SCHEDULE "3"		
LOAN AND ADVANCES		
(Unsecured - considered good unless otherwise stated)		
Advance tax & taxes deducted at source	**18,453**	18,453
	18,453	18,453
SCHEDULE "4"		
CURRENT LIABILITIES		
Sundry Creditors (including Rs. 4,875/- due to the holding company, previous year Rs. 2,175/-)	**6,528**	3,795
	6,528	3,795
SCHEDULE "5"		
PROVISIONS		
Provision for Taxation	**18,500**	18,500
	18,500	18,500

SCHEDULE "6"

NOTES ON ACCOUNTS

1. Significant Accounting Policies

(a) Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis, in accordance with the 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) Provision for taxation

(i) Provision for current income tax is made on the basis of the assessable income under the Income Tax Act, 1961.

(ii) The deferred income tax on account of timing differences between taxable income and accounting income for the year is accounted for by applying the tax rates and laws, enacted or substantially enacted as of the balance sheet date.

2. Income Taxes

The realisation of the deferred tax assets is dependent on the generation of sufficient future taxable income during the periods in which the timing differences are recovered or settled. In the absence of virtual certainty that sufficient future taxable income will be available against which the net deferred tax assets can be realised on a prudent and conservative basis the same has not been recognised in the accounts.

3. Earning per share

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Net Profit/(Loss) after tax	**(2,733)**	(21,220)
No. of Equity shares		
At the commencement of the year	**50,000**	50,000
Issued during the year	**–**	–
Weighted average no. of equity shares during the year	**50,000**	50,000
Basic & diluted Earning per share (Face value Rs. 10)	**(0.05)**	(0.42)

4. Related party disclosure

i) List of the related party

Holding Company

The Great Eastern Shipping Co. Ltd.

ii) Transaction with related party

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Outstanding balances payable to Holding Company	**4,875**	2,175

5. Previous Year figures have been regrouped wherever necessary.

6. Additional Information pursuant to the provisions of Paragraphs 4C and 4D of Schedule VI to the Companies Act, 1956, to the extent not applicable are not given.

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.	136326
State Code	11
Balance Sheet Date	31-03-2005
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 (Rupees)
Total Liabilities	525,028
Total Assets	525,028
Sources of Funds :	
Paid-up Capital	500,000
Reserves & Surplus	NIL
Secured Loans	NIL
Unsecured Loans	NIL
Application of Funds :	
Net Fixed Assets	NIL
Investments	NIL
Net Current Assets	474,472
Miscellaneous Expenditure	NIL
Accumulated Losses	25,528
IV. Performance of Company :	Amount (Rupees)
Turnover	NIL
Total Expenditure	2,733
Loss Before Tax	2,733
Loss After Tax	2,733
Earnings Per Share	(0.05)
Dividend Rate (%)	NIL
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms) :	
Description	Item Code No.
Shipping	N.A.
Offshore	N.A.

Cash Flow Statement for the year ended March 31, 2005

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
A. Cash Flow From Operating Activities		
Net Loss Before Tax	**(2,733)**	(2,720)
Adjustments :	**–**	–
Operating Loss Before Working Capital Changes	**(2,733)**	(2,720)
Adjustment for :		
Trade payables	**2,733**	2,220
Cash Generated from Operations	**–**	(500)
Taxes paid	**–**	(18,453)
Net Cash Flow/(Used in) Operating Activities	**–**	(18,953)
B. Cash Flow from Investing Activities	**–**	–
C. Cash Flow from Financing Activities	**–**	–
Net Increase/(Decrease) in Cash and Cash Equivalents	**–**	(18,953)
Cash and Cash Equivalents at the beginning of the year	**481,047**	500,000
Cash and Cash Equivalents at the end of the year	**481,047**	481,047

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 28, 2005

For and on behalf of the Board

Pradyumna R. Naware
Director

Balan Wasudeo
Director

DEEP WATER SERVICES (INDIA) LTD.

A Subsidiary Company

Directors	Vijay K. Sheth Pradyumna R. Naware Balan Wasudeo
Company Secretary	Manoj Contractor
Registered Office	Ocean House 134-A, Dr. Annie Besant Road Worli, Mumbai - 400 018
Registration Number	U 63032 MH 2002 PTC 136714
Auditors	Messrs Kalyaniwalla & Mistry Chartered Accountants Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai – 400 023

Directors' Report

Dear Shareholders,

The Board of Directors have pleasure in presenting the 3rd Annual Report on the business and operations of your Company together with the Audited Accounts for the financial year ended March 31, 2005.

Financial Performance

	2004-05 (Rs.)	2003-04 (Rs.)
Income :		
Income from Operations	**436,411,292**	359,761,179
Other Income	**136,516,531**	50,838,257
	572,927,823	410,599,436
Expenditure :		
Operating Expenses	**535,013,417**	337,791,686
Administration and Other Expenses	**2,161,152**	1,735,689
Interest and Finance charges	**16,696,535**	14,243,290
Depreciation	**26,604,605**	14,410,805
	580,475,709	368,181,470
Profit/(Loss) before tax	**(7,547,886)**	42,417,966
Add/(Less) : Provision for tax :		
– Current	**–**	(3,100,000)
– Deferred	**2,300,105**	(20,118,747)
	2,300,105	(23,218,747)
Profit/(Loss) after tax	**(5,247,781)**	19,199,219
Add : Profit/(Loss) brought forward from previous year	**19,150,002**	(49,217)
Balance carried forward	**13,902,221**	19,150,002

During the year ended March 31, 2005 your Company earned an income from operations of Rs. 436,411,292/-. The other income of Rs. 136,516,531/- was mainly on account of insurance claim recovery. Your Company has incurred a loss of Rs. 7,547,886/- as compared to a profit before tax of Rs. 42,417,966/-. The loss can be attributed to non availability of Rig for operation for about 86 days as she was damaged due to heavy weather and also increase in Repairs and Maintenance expenditure.

Dividend

The Directors do not recommend any dividend for the year in view of the loss sustained by the Company.

Operations

The drill barge "Badrinath" is performing satisfactorily after she resumed the work.

Directors

Mr. Balan Wasudeo retires by rotation and being eligible, offers himself for re-appointment.

Auditors

Messrs Kalyaniwalla & Mistry, Chartered Accountants, retire as auditors of the Company and have given their consent for re-appointment. The Shareholders will be required to elect auditors for the current year and fix their remuneration.

Particulars on Conservation of Energy and Technology Absorption

Information as regard to a) Conservation of Energy and b) Technology Absorption is not applicable to our Company.

Particulars of Employees

There were no employees who were in receipt of remuneration exceeding the limits specified in Section 217(2A) of the Companies Act, 1956.

Directors Responsibility Statement

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

i. in the preparation of the annual accounts, the applicable accounting standards had been followed (alongwith proper explanation relating to material departures) and that there are no material departures;

ii. they have, selected the accounting policies and applied them consistently and made judgments 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 of the Company for that period;

iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis.

Foreign Exchange Earnings and Expenditure

Foreign exchange earned during the period under consideration was Rs. 4350.32 lakhs.

Foreign exchange expenditure incurred during the year amounted to Rs. 2809.85 lakhs.

For and on behalf of the Board

Vijay K. Sheth
Chairman

Mumbai, April 28, 2005

Report of the Auditors to the Members of Deep Water Services (India) Ltd.

1. We have audited the attached Balance Sheet of Deep Water Services (India) Ltd., as at March 31, 2005 and the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government 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.
4. Further to our comments in the Annexure referred to in paragraph (3) 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 purpose 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 such books.
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e) 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 in conformity with the accounting principles generally accepted in India :
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005; and
      ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date
      iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors of the Company as on March 31, 2005, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2005, from being appointed as a Director in terms of 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
Membership No. : 32083

Mumbai, April 28, 2005

Annexure to the Auditors' Report

Referred to in Paragraph (3) of our report of even date on the accounts of Deep Water Services (India) Ltd. for the year ended March 31, 2005

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge no material discrepancies were reported on such verification.
   (c) There was no disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
   (b) In our opinion, the procedures followed by the management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.
   (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to 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.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in

the register maintained under Section 301 of the Companies Act, 1956.

(b) 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.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit no major weakness has been observed in the internal controls.

5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register required to be maintained under that section.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.

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

8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues with the appropriate authorities, where applicable.

(b) According to the books of account and records as produced and examined by us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Service tax, Excise duty or Cess which have not been deposited on account of any dispute.

10. The Company has no accumulated losses at the end of the financial year, however the Company has incurred a cash loss in the immediately preceding financial year.

11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

13. In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.

14. The Company has not dealt or traded in shares, securities, debentures or other investments during the financial year.

15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the Company.

16. As informed to us, the term loans were applied by the Company for the purpose for which they were obtained.

17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanation given to us, we report that the Company has not utilised any funds raised on short term basis for long term investments.

18. The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.

19. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures.

20. The Company has not raised any money through a public issue during the year.

21. Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. : 32083

Mumbai, April 28, 2005

Balance Sheet as at March 31, 2005

	Schedule			(Rupees) Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	**500,000**		500,000
Reserves and Surplus	2	**13,919,878**		19,167,659
			14,419,878	19,667,659
Loan Funds :				
Secured Loans	3	**240,000,000**		400,000,000
Unsecured Loans	4	**71,000,000**		125,000,000
			311,000,000	525,000,000
Deferred Tax Liability (Net)			**17,800,985**	20,101,090
TOTAL			**343,220,863**	564,768,749
APPLICATION OF FUNDS :				
Fixed Assets :	5			
Gross Block		**79,886,705**		79,368,044
Less : Depreciation		**41,015,410**		14,410,805
Net Block			**38,871,295**	64,957,239
Current Assets, Loans and Advances :				
Inventories	6	**14,564,103**		6,795,975
Sundry Debtors	7	**46,549,384**		50,917,343
Cash and Bank Balances	8	**27,468,535**		59,839,680
Other Current Assets	9	**504,732**		1,332,353
Loans and Advances	10	**65,545,623**		40,949,080
		154,632,377		159,834,431
Less : Current Liabilities and Provisions :				
Current Liabilities	11	**77,535,727**		45,342,636
Provisions	12	**3,100,000**		3,100,000
		80,635,727		48,442,636
Net Current Assets			**73,996,650**	111,391,795
Miscellaneous Expenditure (to the extent not written off or adjusted) :	13		**230,352,918**	388,419,715
TOTAL			**343,220,863**	564,768,749
Significant Accounting Policies	19			
Notes on Accounts	20			

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 and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 28, 2005

For and on behalf of the Board

Vijay K. Sheth
Director

Manoj Contractor
Company Secretary

Pradyumna R. Naware
Director

Balan Wasudeo
Director

Profit and Loss Account for the year ended March 31, 2005

	Schedule			(Rupees) Previous Year
INCOME :				
Income from Operations	14		**436,411,292**	359,761,179
Other Income	15		**136,516,531**	50,838,257
			572,927,823	410,599,436
EXPENDITURE :				
Operating Expenses	16	**535,013,417**		337,791,686
Administration and Other Expenses	17	**2,161,152**		1,735,689
Interest and Finance Charges	18	**16,696,535**		14,243,290
Depreciation		**26,604,605**		14,410,805
			580,475,709	368,181,470
Profit / (Loss) Before Tax			**(7,547,886)**	42,417,966
Add / (Less) : Provision for Tax :				
– Current		**–**		(3,100,000)
– Deferred		**2,300,105**		(20,118,747)
			2,300,105	(23,218,747)
Profit / (Loss) for the year after tax			**(5,247,781)**	19,199,219
Add : Profit / (Loss) Brought Forward from Previous Year			**19,150,002**	(49,217)
Balance Carried Forward			**13,902,221**	19,150,002
Earnings per share			**(104.96)**	1,355.49
Significant Accounting Policies	19			
Notes on Accounts	20			

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

As per our Report attached hereto
For and on behalf of
Kalyaniwalla and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 28, 2005

For and on behalf of the Board

Vijay K. Sheth
Director

Manoj Contractor
Company Secretary

Pradyumna R. Naware
Director

Balan Wasudeo
Director

Schedules Annexed to and forming part of the Balance Sheet as at March 31, 2005

SCHEDULE "1"
SHARE CAPITAL

	Rupees	Previous Year
AUTHORISED :		
50,000 (Previous Year 50,000) Equity Shares of Rs. 10 each	**500,000**	500,000
ISSUED, SUBSCRIBED & PAID UP		
50,000 (Previous Year 50,000) Equity Shares of Rs. 10 each fully paid up.	**500,000**	500,000
Note : The entire share capital is held by The Great Eastern Shipping Co. Ltd., the holding company.		
	500,000	500,000

SCHEDULE "2"
RESERVES AND SURPLUS

	Rupees		Previous Year
(a) General Reserve :			
As per Last Balance Sheet	**17,657**		–
Deferred tax liability (net) as on April 1, 2003	**–**		17,657
	17,657		17,657
(b) Profit and Loss Account	**13,902,221**		19,150,002
	13,919,878		19,167,659

SCHEDULE "3"
SECURED LOANS

	Rupees	Previous Year
Term Loan from bank (Secured by hypothecation of Rig, an unconditional irrevocable corporate guarantee and the assignment of insurances by The Great Eastern Shipping Co. Ltd., the holding company)	**240,000,000**	400,000,000
	240,000,000	400,000,000

SCHEDULE "4"
UNSECURED LOANS

	Rupees	Previous Year
Loan from The Great Eastern Shipping Co. Ltd., the holding company	**71,000,000**	125,000,000
	71,000,000	125,000,000
Amount due within one year	**54,000,000**	54,000,000

SCHEDULE "5"
FIXED ASSETS

Rupees

Particulars	Cost				Depreciation				Net Block	
	As at April 1, 2004	Additions	Deductions	As at March 31, 2005	Upto March 31, 2004	For the year	Adjustments on assets sold	Upto March 31, 2005	As at March 31, 2005	As at March 31, 2004
Plant & Machinery	79,368,044	518,661	–	79,886,705	14,410,805	26,604,605	–	41,015,410	38,871,295	64,957,239
TOTAL	**79,368,044**	**518,661**	**–**	**79,886,705**	**14,410,805**	**26,604,605**	**–**	**41,015,410**	**38,871,295**	**64,957,239**
Previous Year	–	79,368,044	–	79,368,044	–	14,410,805	–	14,410,805	64,957,239	

SCHEDULE "6"
INVENTORIES

	Rupees	Previous Year
Fuel oils	**14,564,103**	6,795,975
	14,564,103	6,795,975

SCHEDULE "7"
SUNDRY DEBTORS

	Rupees	Previous Year
(Unsecured)		
Debts outstanding (considered good) :		
For a period more than six months	**624**	–
Others	**46,548,760**	50,917,343
	46,549,384	50,917,343

SCHEDULE "8"
CASH AND BANK BALANCES

	Rupees	Previous Year
(a) Balances with scheduled banks :		
On current account	**5,605,911**	4,757,878
(b) Balances with other banks :		
On call deposit with ABN AMRO Bank, London (Maximum balance Rs. 121,489,956/-, Previous Year Rs. 77,506,166/-)	**21,862,624**	55,081,802
	27,468,535	59,839,680

SCHEDULE "9"
OTHER CURRENT ASSETS

	Rupees	Previous Year
Accrued Income	**504,732**	1,332,353
	504,732	1,332,353

SCHEDULE "10"
LOANS AND ADVANCES

	Rupees	Previous Year
(Unsecured - considered good unless otherwise stated)		
(a) Advances recoverable in cash or in kind or for value to be received	**59,804,001**	38,558,739
(b) Advance payment of taxes	**5,741,622**	2,390,341
	65,545,623	40,949,080

SCHEDULE "11"
CURRENT LIABILITIES

	Rupees	Previous Year
Sundry Creditors	**43,739,835**	16,494,417
Due to The Great Eastern Shipping Co. Ltd., the holding company	**31,701,159**	19,932,102
Other liabilities	**568,664**	1,644,314
Interest accrued but not due (including Rs. 320,000/-, Previous Year Rs. 5,261,688/-, accrued on loan from the holding company)	**1,526,069**	7,271,803
	77,535,727	45,342,636

SCHEDULE "12"
PROVISIONS

		Rupees	Previous Year
Provision for taxation		**3,100,000**	3,100,000
		3,100,000	3,100,000

SCHEDULE "13"
MISCELLANEOUS EXPENDITURE

		Rupees	Previous Year
(to the extent not written off or adjusted)			
(a) Preliminary Expenses			
As per last balance sheet	**23,932**		35,900
Add : Expenditure incurred during the year	**–**		–
	23,932		35,900
Less : Amortised during the year	**23,932**		11,968
		–	23,932
(b) Deferred Revenue Expenditure			
- Repairs and Maintenance Expenditure			
As per last balance sheet	**388,395,783**		16,416,140
Add : Expenditure incurred during the year	**–**		458,145,449
	388,395,783		474,561,589
Less : Amortised during the year	**158,042,865**		86,165,806
		230,352,918	388,395,783
		230,352,918	388,419,715

SCHEDULE "14"
INCOME FROM OPERATIONS

	Rupees	Previous Year
Contract Revenue (Gross) (Income - tax deducted at source Rs. 2,337,089/-, Previous Year - Rs. 2,390,341/-)	**436,411,292**	359,761,179
	436,411,292	359,761,179

SCHEDULE "15"
OTHER INCOME

	Rupees	Previous Year
Dividend Income	**–**	2,753,976
Interest Income (Gross)	**424,460**	122,113
Gain on foreign currency transactions (Net)	**7,573,915**	47,817,116
Insurance Claim received	**127,514,972**	–
Miscellaneous Income	**1,003,184**	145,052
	136,516,531	50,838,257

SCHEDULE "16"
OPERATING EXPENSES

	Rupees	Previous Year
Commissary and Quarters	**2,498,888**	1,640,919
Insurance	**–**	9,634,573
Repairs and maintenance (Including deferred revenue expenses written of Rs. 158,042,865/-, Previous year Rs. 86,165,806/-)	**333,844,562**	157,807,001
Charter hire paid	**116,326,907**	104,885,995
Fuel and Water	**54,821,033**	29,654,830
Supplies	**25,912,986**	28,907,034
Others	**1,609,041**	5,261,334
	535,013,417	337,791,686

SCHEDULE "17"
ADMINISTRATION AND OTHER EXPENSES

		Rupees	Previous Year
Legal and Professional fees		**1,424,903**	689,200
Miscellaneous expenses		**529,772**	872,683
Loss on sale of investments		**–**	42,238
Auditors' remuneration (including service tax) :			
– Audit Fees	**82,650**		75,600
– in Other Capacity :			
– Tax Audit	**27,550**		32,400
– Certification & other services	**72,345**		11,600
		182,545	119,600
Preliminary expenses written off		**23,932**	11,968
		2,161,152	1,735,689

SCHEDULE "18"
INTEREST AND FINANCE CHARGES

	Rupees	Previous Year
Interest on Fixed Loans	**16,696,535**	14,243,290
	16,696,535	14,243,290

SCHEDULE "19"
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 less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings. 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) Inventories :

Inventory of fuel oils is carried at cost.

(d) Miscellaneous Expenditure :

Deferred revenue expenditure on refurbishment of Rig Badrinath are being amortised over the period of the contract, namely, three years.

(e) Income recognition :

Charter Hire earnings are recognised on accrual basis.

(f) Operating expenses :

Stores and spares delivered on board the rig are charged to revenue.

(g) Depreciation :

Depreciation on fixed assets is provided on the straight line method so as to write off the entire cost over the period of the contract, namely, three years.

(h) Foreign Exchange Transactions :

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year are translated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions other than those relating to fixed assets acquired from a country outside India are recognised in the Profit and Loss Account.

(ii) In respect of transactions covered by forward exchange contracts the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract or adjusted to the cost of the fixed asset in case of liabilities incurred for acquiring such assets.

(iii) Exchange differences in respect of forward exchange contracts entered into by the Company to hedge foreign currency risk of firm commitments or highly probable forecast transactions are accounted for on settlement, however losses, if any, are provided for in each period.

(iv) Realised gain or losses 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 foreign fixed assets, in which case the gain or loss is adjusted to the carrying cost of such assets.

(v) Currency swaps 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. The gain or loss on repayment and translation thereof is dealt with in the profit and loss account except where the underlying loans relate to acquisition of fixed assets from a country outside India, the same is adjusted to the carrying cost of such fixed assets. The unrealised gains or losses arising on revaluation are included under Loans and Advances / Other liabilities.

(i) Provision for Taxation :

(i) Provision for current income-tax is made on the basis of the assessable income under the Income Tax Act, 1961.

(ii) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

SCHEDULE "20"
NOTES ON ACCOUNTS

1. Contingent liabilities :

Guarantees given by banks - Rs. 42,793,594/- (Previous Year Rs. 42,793,594/-).

Showcause notice was issued by Custom Authority, Goa, asking for reason why customs duty of Rs. 31.65 crores should not be levied. The Company has filed a Writ Petition before Goa Bench of Mumbai High Court.

2. Fixed assets :

The amount of exchange loss on account of fluctuation of the rupee against foreign currencies and cancellation of forward covers relating to loan liabilities deducted from the carrying amounts of fixed assets during the year is Rs. 518,661/- (Previous Year exchange gain of Rs. 6,241,631/-).

3. 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. Nil (Previous Year Rs.1,716,260/-).

(b) Dividend income comprises of dividend on Mutual Fund investments - Rs. Nil (Previous Year Rs. 2,753,976/-).

4. Basic and diluted earnings per share :

		Rupees	Previous Year
(a)	Profit / (Loss) for the year after tax available to Equity Shareholders	**(5,247,781)**	19,199,219
(b)	Number of Equity Shares as on April 1, 2004	**50,000**	10,000
	Add : Shares allotted during the year	**–**	40,000
	Number of Equity Shares as on March 31, 2005	**50,000**	50,000
	Weighted average number of Equity Shares outstanding during the year	**50,000**	14,164
(c)	Face value of Equity Share	**10**	10
(d)	Basic and diluted earnings per share	**(104.96)**	1,355.49

5. Deferred tax :

The break up of net deferred tax liability is as under :	**As on March 31, 2005**	As on April 1, 2004
Deferred tax liabilities :		
Difference between book and tax depreciation	**(2,309,833)**	1,948,445
Deferred revenue expenditure on refurbishment of rig	**84,291,892**	139,345,573
	81,982,059	141,294,018
Deferred tax assets :		
Preliminary expenses	**732**	1,065
Depreciation and business loss carried forward	**64,180,342**	121,174,206
	64,181,074	121,175,271
Net deferred tax liability / (asset)	**17,800,985**	20,118,747

6. Related Party Disclosures :

(i) List of Related Parties

(a) Parties where control exists

The Great Eastern Shipping Co. Ltd. - the holding company

(b) Other related parties with whom transactions have taken place during the year :

P & O Travel India Ltd. - fellow subsidiary
(Previous Year - an associate)

The Greatship (Singapore) Pte. Ltd. - fellow subsidiary

(ii) Transactions with related parties :

		Holding Company		Fellow Subsidiary	
		Current Year	Previous Year	Current Year	Previous Year
(a)	Loan taken during the year	117,818,000	121,500,000	–	–
(b)	Loan repaid during the year	171,818,000	–	–	–
(c)	Contribution to Share Capital	–	400,000	–	–
(d)	Interest on Loan	8,203,582	6,610,997	–	–
(e)	Expenditure on reimbursement of Insurance charges & Port dues	9,789,684	9,093,976	–	6,203,892
(f)	Expenditure incurred for Agency, Travelling & other Services	160,082,538	104,930,500	350	1,737,400
(g)	Outstanding balances as at March 31, 2005 :				
	Share Capital	500,000	500,000	–	–
	Loans and Advances	–	–	–	–
	Payables	103,021,159	151,550,578	–	–

7. Additional information pursuant to the provisions of paragraphs 4C and 4D of Schedule VI of the Companies Act, 1956, to the extent not applicable are not given.

8. 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.	11-136714
State Code	11
Balance Sheet Date	31-03-2005
II. Capital Raised during the year :	Amount (Rupees)
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds :	Amount (Rupees)
Total Liabilities	343,220,863
Total Assets	343,220,863
Sources of Funds :	
Paid-up Capital	500,000
Reserves & Surplus	13,919,878
Secured Loans	240,000,000
Unsecured Loans	71,000,000
Deferred Taxation (Net)	17,800,985
Application of Funds :	
Net Fixed Assets	38,871,295
Investments	NIL
Net Current Assets	73,996,650
Miscellaneous Expenditure	230,352,918
Accumulated Losses	NIL
IV. Performance of Company :	Amount (Rupees)
Turnover	572,927,823
Total Expenditure	580,475,709
Profit/(Loss) Before Tax	(7,547,886)
Profit/(Loss) After Tax	(5,247,781)
Earnings Per Share	(104.96)
Dividend Rate (%)	NIL
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms) :	
Description	Item Code No.
Offshore	N.A.

Cash Flow Statement for the year ended on March 31, 2005

	Rupees	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET (LOSS)/PROFIT BEFORE TAX	**(7,547,886)**	42,417,966
ADJUSTMENTS FOR :		
Depreciation	**26,604,605**	14,410,805
Interest earned	**–**	(122,113)
Interest paid	**16,272,075**	14,243,290
Dividend received	**–**	(2,753,976)
Loss on investments (Net)	**–**	42,238
Preliminary expenses written off	**23,932**	11,968
Deferred revenue expenditure written off	**158,042,865**	86,165,806
Deferred revenue expenditure incurred during the year	**–**	(458,145,449)
Foreign exchange	**(17,832,828)**	(33,000,639)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	**175,562,763**	(336,730,104)
ADJUSTMENTS FOR :		
Trade & other receivables	**2,103,514**	(45,624,279)
Inventories	**(7,768,128)**	(6,795,975)
Trade payables	**32,320,531**	17,419,897
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	**202,218,680**	(371,730,461)
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets	**(3,871,328)**	(84,955,822)
Purchase of investments	**–**	(470,000,000)
Sale of investments	**–**	469,957,762
Interest received	**–**	122,113
Dividend received	**–**	2,753,976
NET CASH USED IN INVESTING ACTIVITIES	**(3,871,328)**	(82,121,971)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	**–**	400,000
Proceeds from long term borrowings	**–**	601,500,000
Repayments of long term borrowings	**(214,000,000)**	(80,000,000)
Interest paid	**(16,272,075)**	(8,288,201)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(230,272,075)**	513,611,799
Net increase/(decrease) in cash and cash equivalents :	**(31,924,723)**	59,759,367
Cash and cash equivalents as at April 1, 2004 (See note below)	**59,928,722**	169,355
Cash and cash equivalents as at March 31, 2005 (See note below)	**28,003,999**	59,928,722
Note :		
Cash and cash equivalent as on	**March 31, 2005**	March 31, 2004
Cash and bank balances	**27,468,535**	59,839,680
Effect of exchange rate changes [Loss/(gain)]	**535,464**	89,042
Cash and cash equivalents as restated	**28,003,999**	59,928,722

As per our Report attached hereto

For and on behalf of
Kalyaniwalla and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 28, 2005

Manoj Contractor
Company Secretary

For and on behalf of the Board

Vijay K. Sheth
Director

Pradyumna R. Naware
Director

Balan Wasudeo
Director

P & O TRAVEL INDIA LTD.

A Subsidiary Company

Directors	Partha Basu T. Radhakrishna Ravi K. Sheth Pradyumna R. Naware Balan Wasudeo
Registered Office	212 Unique House Cardinal Gracias Road Chakala, Andheri (East) Mumbai - 400 099
Registration Number	11-82460
Auditors	Messrs Kalyaniwalla & Mistry Chartered Accountants Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai - 400 023

Directors Report to the Shareholders

Dear Members,

Your Directors are pleased to present their Eleventh Annual Report and Audited Accounts for the year ended March 31, 2005.

Summarized Financial Results

The year under review was a good one for your Company considering the challenges faced by the travel industry in general. The results are summarized as under :

INR in millions		**Year ended March 31, 2005**		Year ended March 31, 2004
Turnover		**1053.59**		969
Total Income		**56.16**		52.27
Operating Profit		**7.69**		5.08
Less : Depreciation	**2.11**		2.50	
Provision for Income Tax (Net)	**2.01**	**4.12**	2.00	4.50
Net Profit		**3.57**		0.58
Add: Balance brought forward from previous year		**1.17**		0.58
Balance Carried Forward		**4.74**		1.16

Figures have been regrouped wherever necessary to make them comparable.

Review of Operations

The travel & tourism trade is going through a paradigm shift in the way this business is structured. One has to find more productive ways of doing business to be successful. There are likely to be shakeouts, which will dislodge many agents, big and small, and that will provide significant growth opportunities for those who can re-invent themselves along more creative lines.

Pre and post Cruise tours for the P&O brand were successfully handled, as were segments of the Athens Olympics and the ICC Cricket World Cup, the IIFA Award mega functions and so on. Whilst remaining a predominantly corporate travel service provider, the Company will continue to grow its higher margin, lower staff-intensive and less debt-ridden Outbound Incentives activity and look for ways to further its Cargo and Forex businesses.

The Company is now not restricted to sell just the P&O and Princess cruise brands and is free to deal in other brands, as well.

During the year under review, your Company significantly improved both its top and bottom lines as a result of the high service levels delivered by its dedicated staff and effective control on costs. It continued to adopt the most conservative accounting practices in providing for slow moving and doubtful debts, booking of incomes and recognition of the true value of its assets and liabilities.

Shareholding Structure

The sale by P&O Princess Cruises plc of their equity stake in your Company to the existing shareholders, was concluded in June 2004. With the sale of the P&O Cruises holding, use of P&O Brand and Logos will be discontinued from June, 2005. GE Shipping acquired majority of shares after sale of its holding by P&O Cruises, making your Company a subsidiary of GE Shipping.

Dividend

Your Directors do not recommend any dividend for the year in view to conserve resources for the future.

Directors

In accordance with Section 255 and 256 of the Companies Act, 1956, Mr. Balan Wasudeo is liable to retire by rotation and being eligible, offers himself for reappointment.

Auditors

The Statutory Auditors, Kalyaniwalla & Mistry, Chartered Accountants retire at the conclusion of the eleventh Annual General Meeting and being eligible, offer themselves for reappointment for the financial year 2005-2006. They have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

Directors' Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would wish to state:

i. that in the preparation of the Annual Accounts for the year ended March 31, 2005, the applicable accounting standards have been followed;

ii. that the Directors have selected such accounting practices and applied them consistently and made judgments 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 March 31, 2005 and of the profit of the Company for the year under review;

iii. that the Directors have 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;

iv. that the Directors have prepared the Annual Accounts on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange and Employees

The Company is not required to disclose information on Energy Conservation and Technology Absorption.

Foreign Exchange earned and spent during the year ended March 31, 2005 was INR 16,093,871 (INR 16,547,855 in 2004) and INR 69,763 (INR 33,266 in 2004) respectively.

There are no employees whose remuneration is in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Appreciation

Your Directors record their appreciation of the support received from its employees, customers, bankers and statutory authorities in furthering your Company's business.

For and on behalf of the Board

Partha Basu
Chairman

Mumbai, April 28, 2005

Report of the Auditors to the Members of P&O Travel India Limited

1) We have audited the attached Balance Sheet of P&O Travel India Limited as at March 31, 2005 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with auditing standards generally accepted in India. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government 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.

4) Further to our comments in the Annexure referred to in paragraph (3) 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 such books.

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

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

   e) 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 in conformity with the accounting principles generally accepted in India :

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;

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

      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) On the basis of written representations received from the Directors of the Company as on March 31, 2005, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2005, from being appointed as a Director in terms of 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
Membership No. : 32083

Mumbai, April 28, 2005

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date on the accounts of P&O Travel India Limited for the year ended March 31, 2005 :

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets have been physically verified by the management at periodic intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge no material discrepancies were reported on such verification.

   (c) In our opinion, a substantial part of the fixed assets has not been disposed off by the Company during the year.

2. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

   (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

3. 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 fixed assets and for the sale of services. During the course of our audit no major weakness has been observed in the internal controls.

4. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act.

6. In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.

7. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess, and other statutory dues with the appropriate authorities.

   (b) According to the information and explanation given to us and the records examined by us, there are no dues of sales tax, income tax, wealth tax, service tax, customs duty, excise duty or cess outstanding on account of any dispute.

8. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current or immediately preceding financial year.

9. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

11. In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.

12. The Company has not dealt or traded in shares, securities, debentures or other investments during the financial year.

13. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

14. According to the information and explanations given to us and the records examined by us, the term loans have been applied for the purpose for which the loans were obtained.

15. The Company has not utilised any funds raised on short term basis for long term investments.

16. The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Act.

17. According to the information and explanations given to us and the records examined by us, no debentures have been issued by the Company.

18. The Company has not raised any money through a public issue during the year.

19. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

20. The other clauses of the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India are not applicable to the Company for the current year.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No. : 32083

Mumbai, April 28, 2005

Balance Sheet as at March 31, 2005

	Schedule	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	**35,000,000**	35,000,000
Reserves and surplus	2	**5,691,431**	2,118,695
		40,691,431	37,118,695
Loan Funds			
Secured loans	3	**48,470,304**	28,773,220
TOTAL		**89,161,735**	65,891,915
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross block		**17,594,438**	18,519,318
Less : Depreciation		**12,651,847**	11,941,628
Net block		**4,942,591**	6,577,690
Investments	5	**–**	1,000
Deferred Tax Asset		**2,346,126**	1,851,170
Current Assets, Loans and Advances :			
Sundry debtors	6	**104,831,442**	68,566,386
Cash and bank balances	7	**27,000,347**	28,695,761
Loans and advances	8	**12,575,475**	12,883,270
		144,407,264	110,145,417
Less : Current Liabilities and Provisions :			
Current liabilities	9	**54,330,133**	48,827,252
Provisions	10	**8,204,113**	3,856,110
		62,534,246	52,683,362
Net Current Assets		**81,873,018**	57,462,055
TOTAL		**89,161,735**	65,891,915
Notes on Accounts	15		

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

As per our report of even date attached.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Signatures to Balance Sheet and Schedules 1 to 10 and 15

For and on behalf of the Board

Viraf R. Mehta
Partner

T. Radhakrishna
Managing Director

Balan Wasudeo
Director

Seema Nagpal
Company Secretary

Mumbai, April 28, 2005

Profit and Loss Account for the year ended March 31, 2005

	Schedule	Year ended 31.03.2005 Rupees	Period ended 31.03.2004 Rupees
INCOME			
Income from Operations	11	**53,372,122**	50,030,353
Other Income	12	**2,790,963**	2,243,084
		56,163,085	52,273,437
EXPENDITURE			
Administration and Other Expenses	13	**43,176,627**	42,214,277
Interest and Finance Charges	14	**5,290,668**	4,937,964
Depreciation		**2,118,010**	2,506,457
		50,585,305	49,658,698
Profit before taxation		**5,577,780**	2,614,739
Provision for taxation			
– Current		**2,500,000**	2,200,000
– Deferred		**(494,956)**	(199,648)
Profit for the year after taxation		**3,572,736**	614,387
Less : Transfer to Reserve under Section 80HHD of the Income-tax Act, 1961		**–**	30,000
		3,572,736	584,387
Balance brought forward from previous year		**1,166,003**	581,616
Balance carried forward		**4,738,739**	1,166,003
Basic earnings per share		**1.02**	0.18
Notes on Accounts	15		

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

As per our report of even date attached.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Signatures to Profit and Loss Account and Schedules 11 to 15

For and on behalf of the Board

Viraf R. Mehta
Partner

T. Radhakrishna
Managing Director

Balan Wasudeo
Director

Seema Nagpal
Company Secretary

Mumbai, April 28, 2005

SCHEDULE "1"
SHARE CAPITAL

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
AUTHORISED		
3,500,000 Equity shares of Rs.10 each	**35,000,000**	35,000,000
ISSUED, SUBSCRIBED AND PAID UP		
3,500,000 Equity shares of Rs. 10 each fully paid up	**35,000,000**	35,000,000
	35,000,000	35,000,000

Of the above, 2,227,350 shares are held by The Great Eastern Shipping Company Limited (previous year 2,125,000 shares held by P&O Cruises B.V.), the holding company.

SCHEDULE "2"
RESERVES AND SURPLUS

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Reserve under Section 80HHD of the Income Tax Act, 1961		
Balance as per last balance sheet	**210,000**	180,000
Transferred from profit and loss account	**–**	30,000
	210,000	210,000
General reserve		
Balance as per last balance sheet	**742,692**	742,692
Profit and loss account	**4,738,739**	1,166,003
	5,691,431	2,118,695

SCHEDULE "3"
SECURED LOANS

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Bank overdraft	**33,470,304**	13,773,220
Short term loan from bank	**15,000,000**	15,000,000
(Secured by hypothecation of book debts and pledge of deposit receipts with the bank)		
	48,470,304	28,773,220

SCHEDULE "4"
FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2004	Additions	Sales/ adjustments	As at 31.03.2005	Upto 01.04.2004	For the year	On sales/ adjustments	Up to 31.03.2005	As at 31.03.2005	As at 31.03.2004
Leasehold Improvements	1,889,735	–	233,890	**1,655,845**	985,938	276,025	233,890	**1,028,073**	**627,772**	903,797
Computers	3,920,963	36,778	52,936	**3,904,805**	2,540,265	359,407	49,278	**2,850,394**	**1,054,411**	1,380,698
Computer Software	170,000	20,000	–	**190,000**	117,112	21,287	–	**138,399**	**51,601**	52,888
Furniture and Fixture	3,148,530	75,700	23,656	**3,200,574**	2,051,397	326,732	110,238	**2,267,891**	**932,683**	1,097,133
Office Equipments	3,634,830	66,619	183,153	**3,518,296**	2,986,000	231,619	68,938	**3,148,681**	**369,615**	648,830
Motor Vehicles	4,885,260	–	1,215,936	**3,669,324**	3,186,752	631,383	945,436	**2,872,699**	**796,625**	1,698,508
Assets acquired under hire purchase agreements										
Motor Vehicles	870,000	585,594	–	**1,455,594**	74,164	271,546	–	**345,710**	**1,109,884**	795,836
TOTAL	**18,519,318**	**784,691**	**1,709,571**	**17,594,438**	**11,941,628**	**2,117,999**	**1,407,780**	**12,651,847**	**4,942,591**	**6,577,690**
Previous Year Total	20,622,658	1,419,085	3,522,425	18,519,318	12,335,846	2,506,457	2,900,675	11,941,628	6,577,690	–

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
SCHEDULE "5"		
INVESTMENTS		
Long term		
Government securities		
(Unquoted)		
Indira Vikas Patra	–	1,000
(Face value Rs. 1,000)		
	–	1,000
SCHEDULE "6"		
SUNDRY DEBTORS		
(Unsecured - considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
– Considered good	2,015,582	691,171
– Considered doubtful	2,933,703	1,269,320
	4,949,285	1,960,491
Other debts		
– Considered good	102,815,860	67,875,215
– Considered doubtful	–	1,863,180
	102,815,860	69,738,395
Less : Provision for doubtful debts	2,933,703	3,132,500
	104,831,442	68,566,386
SCHEDULE "7"		
CASH & BANK BALANCES		
Cash and cheques in hand	1,957,138	1,402,695
Balances with scheduled banks		
- in current accounts	8,434,482	20,722,228
- in deposit accounts	16,608,727	6,570,838
	27,000,347	28,695,761
SCHEDULE "8"		
LOANS AND ADVANCES		
(Unsecured - considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	2,616,438	4,773,885
Advance tax and taxes deducted at source	7,978,041	4,630,074
Deposits	1,980,996	3,479,311
(Net of doubtful deposit Rs. 347,200, previous year Rs. Nil)		
	12,575,475	12,883,270

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
SCHEDULE "9"		
CURRENT LIABILITIES		
Sundry creditors	47,085,482	36,938,789
Hire purchase creditors (net of unmatured finance charges Rs. 67,520, previous year Rs. 115,018)	731,660	993,371
Advances received from customers	5,475,796	8,363,198
Other liabilities	1,037,195	2,531,894
	54,330,133	48,827,252
SCHEDULE "10"		
PROVISIONS		
Provision for gratuity	1,900,000	397,915
Provision for leave encashment benefit	1,604,113	1,258,195
Provision for taxation	4,700,000	2,200,000
	8,204,113	3,856,110
SCHEDULE "11"		
INCOME FROM OPERATIONS		
Commission Income		
International air passages	38,800,005	37,240,938
Domestic air passages	14,147,873	11,182,124
Freight	2,538,879	2,257,624
Cruises	5,095,862	5,511,852
Income from tours and conferences	7,203,229	6,876,106
Service charges	2,625,290	2,909,771
Income from foreign exchange dealing	3,479,309	3,162,548
Handling charges (Net)	(20,518,325)	(19,110,610)
	53,372,122	50,030,353
SCHEDULE "12"		
OTHER INCOME		
Gain on foreign currency transactions	236,872	268,264
Interest on deposits (gross) *	583,791	279,553
Interest on IT refund	27,757	208,327
Claims received	519,734	–
Profit on assets sold or discarded	152,216	–
Miscellaneous income	1,270,593	1,486,940
	2,790,963	2,243,084
* Tax deducted at source	50,781	55,912

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
SCHEDULE "13" ADMINISTRATION AND OTHER EXPENSES		
Salaries and wages	**22,654,846**	20,060,465
Contribution to provident/ other funds	**1,288,005**	1,260,473
Staff welfare expenses	**700,084**	1,314,838
Rent	**2,803,198**	3,319,376
Rates and taxes	**303,373**	60,276
Insurance charges	**531,889**	407,823
Electricity, water and gas	**606,025**	705,361
Travelling and conveyance	**2,476,899**	2,547,114
Commission paid	**2,171,435**	2,200,478
Repairs and maintenance - equipments and others	**2,779,991**	2,334,426
Communication expenses	**2,926,453**	2,668,811
Printing and stationery	**757,734**	718,967
Brokerage	**54,000**	–
Auditors' remuneration	**325,500**	345,000
Entertainment	**491,634**	621,041
Advertisement, publicity and sales promotion	**215,185**	238,712
Loss on assets sold / discarded	**–**	56,550
Investments written off	**1,000**	–
Miscellaneous expenses	**1,364,037**	728,474
Provision for bad and doubtful debts/advances	**498,224**	2,516,032
Bad debts written off	**227,115**	110,060
	43,176,627	42,214,277
SCHEDULE "14" INTEREST AND OTHER FINANCE EXPENSES		
Interest on bank overdraft	**2,009,983**	1,808,440
Interest on short term loan from bank	**1,892,163**	1,715,612
Hire purchase finance charges	**95,979**	192,553
Bank charges	**1,292,543**	1,221,359
	5,290,668	4,937,964

SCHEDULE "15"
NOTES ON ACCOUNTS

1. Significant Accounting Policies

a) Accounting Convention :

The Financial Statements have been prepared under the historical cost convention, on accrual basis in accordance with the Generally Accepted Accounting Principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Fixed Assets :

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes taxes and incidental expenses related to acquisition and installation. Assets acquired under the hire purchase arrangements are capitalised at their cash values and finance charges are charged to revenue on accrual.

c) Income Recognition :

Commission income is recognised on issuance of tickets.

Income from tours and conferences is recognised on completion of the tour/conference.

d) Retirement Benefits :

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

e) Depreciation :

Depreciation is provided on the "Straight Line Method", pro-rata to the period of use, over the estimate useful life of the asset. The useful life of the asset has been estimated as under :

Asset	Estimated useful life
Leasehold improvements	6 years
Furniture & fixtures, computers and office equipment	6 years
Motor vehicles	5 years

Computer Software is considered as an intangible asset and is amortised over its useful life of six years.

f) Foreign Currency Transactions :

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains or losses on realisation are recognised in the Profit and Loss Account. Foreign currency notes and travellers cheques on hand, receivables and payables denominated in foreign currency outstanding at the year-end are translated at the year end closing rates.

g) Provision for Taxation :

Current tax is the amount of tax payable on taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets subject to the consideration of prudence are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year-end and based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

2. Contingent Liabilities

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Guarantees issued by the bank on behalf of the Company	**25,085,000**	22,882,000
Claims against the Company not acknowledged as debt	**723,270**	723,270
	25,808,270	23,605,270

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

4. Current Liabilities

There are no parties within the definition of Small Scale Industrial Undertakings to whom the Company owes any dues. The auditors have accepted the representation of the management in this matter in the absence a database identifying the creditors which are small scale industrial undertakings.

5. Auditors' Remuneration

	Year ended 31.03.2005 Rupees	Year ended 31.03.2004 Rupees
Audit fees	**220,400**	216,000
Tax audit fees	**55,100**	54,000
Income-tax matters	**20,000**	20,000
Certification and other matters	**30,000**	55,000
	325,500	345,000

6. Managerial Remuneration

Remuneration of Executive Chairman and Managing Director

	Year ended 31.03.2005 Rupees	Year ended 31.03.2004 Rupees
Salaries and other allowances	**2,717,801**	2,194,792
Contribution to provident fund	**169,773**	144,132
Perquisites	**307,213**	308,381
	3,194,787	2,647,305

In addition to the above, the Company contributes to Life Insurance Corporation of India for gratuity payments to be made to the Executive Chairman and Managing Director.

7. Leases

(a) Operating Leases

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Not later than one year	**2,398,824**	2,375,398
Later than one year and not later than five years	**6,064,544**	6,469,568
Later than five years	**1,405,536**	2,514,336
	9,868,904	11,359,302

Lease payments recognised in the statement of profit and loss for the period is Rs. 2,803,198 (previous year Rs. 3,319,376).

(b) Finance Leases

The Company has acquired vehicles under Finance Lease. Liability for minimum lease payment is secured by hypothecation of the vehicles acquired under the lease. The minimum lease payments outstanding as on March 31, 2005, in respect of vehicles acquired under lease are as under :

	Total minimum lease payments outstanding as at March 31, 2005 Rupees	Un-matured Interest Rupees
Not later than one year	**390,019**	**50,141**
Later than one year and not later than five years	**341,636**	**17,379**

8. Earnings per Share

	Year ended 31.03.2005 Rupees	Year ended 31.03.2004 Rupees
Net profit after tax	**3,572,736**	614,387
Number of equity shares		
As at commencement of the year	**3,500,000**	3,500,000
Issued during the year	**–**	–
Weighted average number of equity shares during the year	**3,500,000**	3,500,000
Basic and diluted earnings per share (face value Rs. 10)	**1.02**	0.18

9. Segment Reporting

The Company's main business is to provide travel-related services to its clients. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard (AS) 17 on 'Segment Reporting', issued by the Institute of Chartered Accountants of India.

10. Discontinued Operation

The Company has discontinued its Cruise business from October 31, 2004 onwards.

Carrying amounts of the total assets to be disposed off and the total liabilities to be settled, as at date of discontinuation of the operation are Rs. 252,599.

The amounts of revenue earned, expenses incurred and pre-tax losses from ordinary activities attributable to the discontinuing operation are as under :

Revenue earned	–	Rs. 5,834,441
Expenses incurred	–	Rs. 5,806,425
Pre-tax loss	–	Rs. 28,016

11. Expenditure in Foreign Currency

	Year ended 31.03.2005 Rupees	Year ended 31.03.2004 Rupees
Foreign travel	**28,488**	10,610
Subscription and membership fees	**41,275**	22,656
	69,763	33,266

12. Earnings in Foreign Exchange

Tours and passages	**16,093,871**	16,547,855

13. Deferred Tax

The break-up of deferred tax asset is as under

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Difference between book and tax depreciation	**1,247,953**	1,169,860
Provision for doubtful debts	**391,731**	446,547
Provision for retirement benefits	**568,358**	229,964
Preliminary expenses	**–**	4,799
Bonus incurred not paid	**138,083**	–
	2,346,125	1,851,170

14. Related Party Disclosures

i) List of Related Parties :

(a) Holding Company :
The Great Eastern Shipping Company Limited

(b) Key Management Personnel
Mr. Partha Basu
Mr. T. Radhakrishna

(c) Relatives of Key Management Personnel
Mrs. Tapti Basu
Ms. Jayati Basu
Mrs. Surya Sriram

ii) Transactions with Related Parties

	Sale of tickets and other services	Remune-ration	Outstanding Balance
	Year ended 31.03.2005 Rupees	Year ended 31.03.2005 Rupees	As at 31.03.2005 Rupees
Holding Company	**100,284,551**	**–**	**1,450,062**
Key Management Personnel	**307,835**	**3,194,787**	**–**
Relatives of Key Management Personnel	**192,857**	**–**	**–**

15. Other information pursuant to para 4 of Part II Schedule VI to the Companies Act, 1956 is not applicable and hence not given.

16. Previous period figures have been regrouped wherever necessary to confirm to current year.

Additional information Pursuant to Part IV of Schedule to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I	**Registration details :**	
	Registration No.	82460
	State code	11
	Balance sheet date	March 31, 2005
II	**Capital raised during the year :**	Amount (Rs. in '000)
	Public issue	Nil
	Rights issue	Nil
	Bonus issue	Nil
	Private placement	Nil
III	**Position of mobilisation and deployment of funds :**	Amount (Rs. in '000)
	Total liabilities	89,162
	Total assets	89,162
	Source of funds	
	Paid up capital	35,000
	Reserves and surplus	5,692
	Secured loans	48,470
	Unsecured loans	Nil
	Application of Funds	
	Net fixed assets	4,943
	Investments	–
	Net current assets	81,873
	Deferred Taxation (net)	2,346
	Miscellaneous expenditure	Nil
	Accumulated losses	Nil
IV	**Performance of company :**	Amount (Rs. in '000)
	Turnover	56,163
	Total expenditure	50,585
	Profit/(loss) before tax	5,578
	Profit/(loss) after tax	3,573
	Earnings per share (in Rs.)	1.02
	Dividend %	Nil
V	**Generic names of three principal products/services of company (As per monetary terms)**	
	Product Description	Item Code No.
	a) Travel agency	N.A.

Cash Flow Statement for the year ended March 31, 2005

	Year ended 31.03.2005 Rupees	Year ended 31.03.2004 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	**5,577,780**	2,614,739
Adjustments for :		
Depreciation	**2,118,010**	2,506,457
Interest Earned	**(611,548)**	(487,880)
Interest Paid	**3,998,125**	3,716,605
(Profit)/Loss on investments (Net)	**1,000**	–
(Profit)/Loss on sale of sundry assets	**(152,216)**	56,550
Doubtful debts & advances written off/provided	**725,339**	2,626,092
Operating profit before working capital changes	**11,656,490**	11,032,563
Adjustments for :		
Trade and other receivables	**(33,334,633)**	(10,218,836)
Trade payables	**7,350,884**	(1,157,992)
Cash used in operations	**(14,327,259)**	(344,265)
Tax paid	**(3,347,967)**	3,558,566
Net cash flow (used in)/from operating activities	**(17,675,226)**	3,214,301
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	**(784,691)**	(1,419,085)
Sale of fixed assets	**453,996**	565,200
Interest received	**611,548**	487,880
Net cash from/(used in) investing activities	**280,853**	(366,005)
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from long-term borrowings	**19,697,084**	10,188,080
Interest paid	**(3,998,125)**	(3,716,605)
Net cash from financing activities	**15,698,959**	6,471,475
Net (decrease)/increase in cash and cash equivalents	**(1,695,414)**	9,319,771
Cash and cash equivalents at beginning of period (see Note 1)	**28,695,761**	19,375,990
Cash and cash equivalents at end of period (see Note 1)	**27,000,347**	28,695,761
	(1,695,414)	9,319,771
NOTE :		
BREAK UP OF CASH & CASH EQUIVALENTS		
Cash and Bank Balances	**27,000,347**	28,695,761

As per our report of even date attached.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board

Viraf R. Mehta
Partner

T. Radhakrishna
Managing Director

Balan Wasudeo
Director

Seema Nagpal
Company Secretary

Mumbai, April 28, 2005

THE GREAT EASTERN SHIPPING COMPANY LIMITED

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