58TH ANNUAL REPORT 2005 - 06

Excellence is a gradual result of
always striving to be perfect.

The Great Eastern Shipping Co. Ltd.

Board of Directors

K. M. Sheth
Executive Chairman

Bharat K. Sheth
Deputy Chairman & Managing Director

R. N. Sethna

Ms. Asha V. Sheth

Manu Shroff

T. N. Pandey

Cyrus Guzder

Keki Mistry

Vineet Nayyar

Berjis Desai
(w.e.f. October 27, 2006)

Ravi K. Sheth
Executive Director (w.e.f. January 30, 2006)

Company Secretary

Jayesh M. Trivedi

Statutory Committees

Audit Committee

Manu Shroff, Chairman
R. N. Sethna
Keki Mistry
Cyrus Guzder *(w.e.f. April 20, 2006)*

Investor Grievance Committee

T. N. Pandey, Chairman
Cyrus Guzder
Ms. Asha V. Sheth

Registered Office

Ocean House
134/A, Dr. Annie Besant Road
Worli
Mumbai 400 018

Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.
3rd floor, Satam Estate
Above Bank of Baroda
Cardinal Gracious Road
Chakala, Andheri (E)
Mumbai 400 099

Auditors

Kalyaniwalla & Mistry
Kalpatru Heritage
127, Mahatma Gandhi Road
Mumbai 400 001

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NOTICE is hereby given that the Fifty-Eight Annual General Meeting of THE GREAT EASTERN SHIPPING CO. LTD. will be held at Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai – 400 020 on Monday, December 18, 2006 at 3.00 P.M. (I.S.T.) to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.

2. To appoint a Director in place of Mr. Keki Mistry, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Cyrus Guzder, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration.

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Ravi K. Sheth who was appointed as an Additional Director at the meeting of the Board of Directors held on January 30, 2006 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Ravi K. Sheth as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Berjis Desai who was appointed as an Additional Director at the meeting of the Board of Directors held on October 27, 2006 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Berjis Desai as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 309(4) and other applicable provisions of the Companies Act, 1956, the Company's Directors who are neither in the whole-time employment nor Managing Director(s) shall be paid remuneration by way of commission at a rate not exceeding one percent of the net profits of the Company each year for a period of five financial years of the Company commencing from the Financial Year 2005-2006 and that such commission shall be paid to and distributed amongst the aforesaid Directors or such of them, in such amounts or in such proportions and in such manner as may be decided by the Board from time to time."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII to the said Act the approval of the Company be and is hereby accorded to the appointment of Mr. Ravi K. Sheth as Wholetime Director designated as Executive Director for a period of 5 years commencing from January 30, 2006 on the following terms:

   (a) Salary : Consolidated salary, including Company's contribution to Provident Fund, Superannuation Fund and all other allowances, of Rs. 50 lakhs p.a.

   (b) Commission : Payment of Commission calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors not exceeding thrice the annual salary referred to at (a) above, subject to the ceiling laid down in Section 309 of the Companies Act, 1956.

   (c) In addition he will be entitled to :

      (i) Transportation/conveyance facilities.

      (ii) Telecommunication facilities at residence.

      (iii) Leave encashment as per rules of the Company.

      (iv) Reimbursement of medical expenses incurred for himself and his family.

      (v) Personal accident insurance cover as per rules of the Company.

      (vi) Housing Loan, subject to the rules of the Company.

   RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year, Mr. Ravi K. Sheth, Executive Director, shall be paid as minimum remuneration, such amount as the Board may decide, subject to the upper limit, if any, prescribed under the Companies Act, 1956, from time to time.

   RESOLVED FURTHER THAT in addition, Mr. Ravi K. Sheth shall also be entitled to bonafide payment (which shall include providing perquisites) by way of pension in respect of his past services to the Company in accordance with a scheme formulated by the Board of Directors in the event of his retirement as working director, subject to the limits prescribed, if any, under the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT in the event of loss of his office as Executive Director, Mr. Ravi K. Sheth shall be paid compensation in the manner and to the extent provided under Sections 318, 319 and 320 of the Companies Act, 1956.

RESOLVED FURTHER THAT pursuant to the provisions of Section 311 and other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the revision in the remuneration payable to Mr. Ravi K. Sheth with affect from October 1, 2006 to the extent of the following:

1) Salary : Consolidated salary, including Company's contribution to Provident Fund, Superannuation Fund and all other allowances, of Rs. 108 lakhs p.a.

2) He will be entitled to fees of clubs subject to a maximum of two clubs.''

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII to the said Act the approval of the Company be and is hereby accorded to the appointment of Mr. K. M. Sheth as Wholetime Director designated as Executive Chairman for a period of 5 years commencing from October 1, 2006 on the following terms:

(a) Salary : Consolidated salary, including Company's contribution to Provident Fund, Superannuation Fund and all other allowances, of Rs. 180 lakhs p.a.

(b) Commission : Payment of Commission calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors not exceeding twice the annual salary referred to at (a) above, subject to the ceiling laid down in Section 309 of the Companies Act, 1956.

(c) In addition he will be entitled to :

(i) Transportation/conveyance facilities.

(ii) Telecommunication facilities at residence.

(iii) Leave encashment as per rules of the Company.

(iv) Reimbursement of medical expenses incurred for himself and his family.

(v) Personal accident insurance cover as per rules of the Company.

(vi) Housing Loan, subject to the rules of the Company.

(vii) Fees of Clubs subject to a maximum of two clubs.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year, Mr. K. M. Sheth, Executive Chairman, shall be paid as minimum remuneration, such amount as the Board may decide, subject to the upper limit, if any, prescribed under the Companies Act, 1956, from time to time.

RESOLVED FURTHER THAT in addition, Mr. K. M. Sheth shall also be entitled to bonafide payment (which shall include providing perquisites) by way of pension in respect of his past services to the Company in accordance with a scheme formulated by the Board of Directors in the event of his retirement as working director, subject to the limits prescribed, if any, under the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT in the event of loss of his office as Executive Chairman, Mr. K. M. Sheth shall be paid compensation in the manner and to the extent provided under Sections 318, 319 and 320 of the Companies Act, 1956."

10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII to the said Act the approval of the Company be and is hereby accorded to the appointment of Mr. Bharat K. Sheth as Deputy Chairman & Managing Director for a period of 5 years commencing from October 1, 2006 on the following terms:

(a) Salary : Consolidated salary, including Company's contribution to Provident Fund, Superannuation Fund and all other allowances, of Rs. 144 lakhs p.a.

(b) Commission : Payment of Commission calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors not exceeding thrice the annual salary referred to at (a) above, subject to the ceiling laid down in Section 309 of the Companies Act, 1956.

(c) In addition he will be entitled to :

(i) Transportation/conveyance facilities.

(ii) Telecommunication facilities at residence.

(iii) Leave encashment as per rules of the Company.

(iv) Reimbursement of medical expenses incurred for himself and his family.

(v) Personal accident insurance cover as per rules of the Company.

(vi) Housing Loan, subject to the rules of the Company.

(vii) Fees of Clubs subject to a maximum of two clubs.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year, Mr. Bharat K. Sheth, Deputy Chairman & Managing Director, shall be paid as minimum remuneration, such amount as the Board may decide, subject to the upper limit, if any, prescribed under the Companies Act, 1956, from time to time.

RESOLVED FURTHER THAT in addition, Mr. Bharat K. Sheth shall also be entitled to bonafide payment (which shall include providing perquisites) by way of pension in respect of his past services to the Company in accordance with a scheme formulated by the Board of Directors in the event of his retirement as working director, subject to the limits prescribed, if any, under the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT in the event of loss of his office as Deputy Chairman & Managing Director, Mr. Bharat K. Sheth shall be paid compensation in the manner and to the extent provided under Sections 318, 319 and 320 of the Companies Act, 1956."

11. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Ms. Ketaki Sheth relative of a Director of the Company to hold and continue to hold an office or place of profit in the Company as an Officer of the Company on the following terms and conditions with effect from November 1, 2005:

1) Consolidated salary of Rs. 50,000/- p.m. inclusive of reimbursement of expenses on account of car and driver.

2) Reimbursement of medical expenses incurred by herself and her family subject to one month salary in a year or 3 months salary over a period of 3 years.

3) Provision of telecommunication facilities at residence.

4) Personal accident insurance as per the rules of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, matters, deeds and things in order to give effect to the above resolution."

By Order of the Board

Jayesh M. Trivedi
Company Secretary.

Mumbai, October 27, 2006

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

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

2. The instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting.

3. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the 40th dividend for the year 1993-94 paid by the Company on October 5, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, C/o. Central Government Office Building, "A" Wing, 2nd Floor, Next to Reserve Bank of India, CBD Belapur – 400 614.

4. Consequent to the amendment to sub-section (5) of Section 205A vide Companies (Amendment) Act, 1999, the Company has transferred the unclaimed dividend for the year 1997-98 (44th final dividend) and for the year 1998-99 (45th dividend) to the Investor Education and Protection Fund. All unclaimed dividend for the year 1999-2000 (46th interim dividend) will be transferred to the Investor Education and Protection Fund on or before May 4, 2007. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Company's Share department at the registered office of the Company, on or before April 24, 2007.

5. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business as per Item Nos. 5 to 11 hereinabove, is annexed hereto.

ANNEXURE TO NOTICE

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

Item No. 5 and 8 (Ordinary Resolution):

Mr. Ravi K. Sheth was appointed as an Additional Director of the Company with effect from January 30, 2006. By virtue of the provisions of Section 260 of the Companies Act, 1956, read with Article 130 of the Articles of Association of the Company, Mr. Ravi K. Sheth would hold office only upto the date of the ensuing Annual General Meeting.

The Company has received notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Ravi K. Sheth as a candidate for the office of Director of the Company.

Mr. Ravi K. Sheth holds a Bachelors degree in Commerce and is an MBA from USA (1985). With the appointment as Additional Director, the Board has also appointed Mr. Ravi K. Sheth as Wholetime Director designated as Executive Director.

Mr. Ravi K. Sheth has over the years handled various functions like diversification projects, strategic investments / disinvestments and has been spearheading various strategic initiatives of the Company. He has been responsible for exploring new opportunities, in related and unrelated areas for the Company and shall be responsible for its implementation. Considering these aspects the Board appointed him as Wholetime Director designated as Executive Director for a period of 5 years with effect from January 30, 2006 on the terms and conditions as detailed in resolution at item no. 8. Mr. Ravi K. Sheth has been in the employment of the Company since July 1990 and has an overall experience of over 20 years.

Apart from the above Mr. Ravi K. Sheth has also been entrusted with the additional responsibility of overseeing the operations of Greatship (India) Limited the Company's wholly owned subsidiary which is in the business of owning and operating assets relating to the offshore oil and gas business.

Your Directors reviewed the terms of appointment of Mr. Ravi K. Sheth in light of the additional responsibilities shouldered by him and also considering the best corporate practices prevailing in the industry particularly in the offshore business, it was proposed to revise the remuneration payable to Mr. Ravi K. Sheth as detailed in the resolution.

In addition, Mr. Ravi K. Sheth shall also be entitled to pensionary benefits in respect of his services to the Company in accordance with a scheme formulated by the Board of Directors in the event of his retirement as working director, subject to the limits prescribed, if any, under the Companies Act, 1956 from time to time.

Approval of the members is also required under Section 269 read with Schedule XIII of the Companies Act, 1956 for the appointment of Mr. Ravi K. Sheth, Executive Director and for payment of remuneration to him. Moreover the resolution at item no. 8 also envisages payment of minimum remuneration prescribed under Schedule XIII in case of absence or inadequacy of profits to the extent the Board of Directors may decide subject to the limits prescribed from time to time.

Mr. Ravi K. Sheth is also on the Board of Directors of the following public limited companies viz. Business Standard Limited, Financial Technologies (India) Limited, Routes Travel Limited and Greatship (India) Limited. He is also on the Audit Committee of Business Standard Limited.

Your Directors commend the resolutions at item nos. 5 and 8 for your approval.

Mr. Ravi K. Sheth may be considered interested in the resolutions as it pertains to his own appointment. Mr. K. M. Sheth, Executive Chairman and Mr. Bharat K. Sheth, Deputy Chairman & Managing Director being related to Mr. Ravi K. Sheth are also interested in the resolutions although they have no pecuniary interest in the appointment. No other director is interested in these resolutions.

This may also be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No. 6 (Ordinary Resolution):

Mr. Berjis Desai was appointed as an additional Director of the Company with effect from October 27, 2006. By virtue of the provisions of Section 260 of the Companies Act, 1956, read with Article 130 of the Articles of Association of the Company, Mr. Berjis Desai would hold office only upto the date of the ensuing Annual General Meeting.

The Company has received notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Berjis Desai as a candidate for the office of Director of the Company.

Mr. Berjis Desai is an eminent Solicitor and is currently the Managing Partner of J. Sagar Associates, a leading law firm. Mr. Desai has completed his B.A.(Hons) (First Class), LL.B. (First Class First) both from University of Bombay, LL.B. (now LL.M. - First Class First, starred First) from University of Cambridge, U.K. and Solicitor (First Class First) from Bombay Incorporated Law Society.

Mr. Desai has been practicing law since 1980 and was a founder partner of Udwadia, Udeshi & Berjis. He specialises in financial & securities laws, structured finance, securitisation and OTC derivatives as well as offshore investments. In addition, he has extensive experience both as an Arbitrator and Counsel, in international commercial as well as domestic arbitrations.

Mr. Desai is a frequent speaker and presenter at conferences and seminars. He has been a working journalist with a leading Indian daily and is a columnist in Indian newspapers. He is a member of American Arbitration Association, The Bombay Incorporated Law Society and The London Court of International Arbitration. He is an Arbitrator on the panels of The London Court of International Arbitration and ICC (India).

Mr. Desai is also on the Board of Directors of the following public limited companies viz. Sterlite Industries (India) Limited, Reliance Assets Reconstruction Company Ltd., National Organic Chemical Industries Limited, Praj Industries Limited, Adlabs Films Ltd., Piryamd Retail Limited, Centrum Finance Limited, Emcure Pharmaceuticals Limited, BP Ergo Limited, JSA Law Limited (Dubai), JSA Lex Holdings Limited (Mauritius) and 3D PLM Software Solutions Limited.

He is a member of the Audit Committee of Sterlite Industries (India) Limited, Adlab Films Ltd. (Chairman), Priyamyd Retail Limited and Emcure Pharmaceutical Limited.

He is also a member of the Shareholders and Investor Grievance Committees of Sterlite Industries (India) Limited (Chairman) and National Organic Chemical Industries Limited. Mr. Desai holds 1000 equity shares of the Company.

Your Directors commend the resolution at item no. 6 of the Notice for your approval.

Mr. Berjis Desai is interested in the resolution as it relates to his appointment. No other Director of the Company is concerned or interested in the said resolution.

Item No. 7 (Special Resolution) :

At the Annual General Meeting of the Company held on August 30, 2000, the members had approved the payment of remuneration to the Non-Wholetime Directors of the Company, i.e. the Directors other than the Managing Directors and Wholetime Directors of the Company, by way of commission upto an amount permissible under the Companies Act, 1956, i.e. an amount in the aggregate for all the eligible Directors put together not exceeding one percent of the net profits computed in accordance with the provisions of Section 198 of the Companies Act,1956. This approval was granted for a period of 5 years from the financial year 2000-2001 while the Board was authorised to fix the actual amount and the manner of payment.

The role of Non-Wholetime Directors are not only restricted to formulating strategies and providing guidance but also ensuring various compliances and monitoring of various functions like internal audit, remuneration, shareholders grievances etc. The Non-Wholetime Directors also require to devote their time to attend various Committee meetings on a regular basis. The amount of time that needs to be devoted by the Non-Wholetime Directors have increased manifold over the period of years. In view of the aforesaid it is proposed to compensate the Non-Wholetime Directors by way of a commission upto an amount not exceeding 1% of the Net Profit in aggregate for all the eligible Directors for a further period of 5 years commencing from April 1, 2006. The Board of Directors are authorised to decide the quantum of commission payable every year within the overall limits stipulated aforesaid. The Board of Directors have over the last 3 years paid the following commission to the Non-Wholetime Directors :

(Rs. in lakhs)

	2002-03	2003-04	2004-05
Maximum Commission (1%) that can be paid as per Section 309 of the Companies Act, 1956	247.07	494.05	787.31
Total Commission paid	21.00	53.00	87.50

Under the provisions of Section 309(4) of the Companies Act, 1956, such payment requires authorisation by the members of the Company by way of a Special Resolution. Hence, this resolution is recommended for the approval of the members.

Your Directors commend the resolution at item no. 7 of the Notice for your approval.

All the Directors except Mr. K. M. Sheth, Executive Chairman, Mr. Bharat K. Sheth, Deputy Chairman & Managing Director and Mr. Ravi K. Sheth, Executive Director are concerned or interested in this resolution.

Item No. 9 (Special Resolution) and Item No. 10 (Ordinary Resolution):

The resolutions at item nos. 9 and 10 of the notice seek approval of the members in respect of the reappointment and remuneration of the Company's Directors namely Mr. K. M. Sheth, Executive Chairman and Mr. Bharat K. Sheth, Deputy Chairman & Managing Directors (the Executive Chairman and Deputy Chairman & Managing Director shall hereinafter collectively be referred to as the “Working Directors”) who were respectively appointed at the meeting of the members of the Company held on July 25, 2002 on a salary, commission and perquisites as contained in the resolutions dated July 25, 2002 as amended by resolutions dated June 25, 2004.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration packages of the two Working Directors of the Company with a view to align such packages with the best corporate practices prevailing in the industry and particularly in the shipping industry globally. After considering various factors, the Remuneration Committee decided to recommend a revision in the remuneration payable to the Working Directors.

The Remuneration Committee also noted that the existing terms of Mr. K. M. Sheth, Executive Chairman and Mr. Bharat K. Sheth, Deputy Chairman & Managing Director expires in March 2007 and therefore it was thought appropriate and administratively convenient to mutually terminate their existing appointment and they be re-appointed for a period of 5 years from October 1, 2006 on the terms set out in the resolutions at item nos. 9 and 10 of the notice.

The Board of Directors of the Company accepted the recommendation of the Remuneration Committee and mutually terminated their existing appointment and re-appointed them for a further period of 5 years from October 1, 2006 on the terms set out in the resolutions at item nos.9 and 10.

The Working Directors shall also be entitled to pensionary benefits in respect of their services to the Company in accordance with a scheme formulated by the Board of Directors in the event of their retirement as working directors, subject to the limits prescribed, if any, under the Companies Act, 1956 from time to time.

Mr. K. M. Sheth, Executive Chairman has crossed the age of 70 years and accordingly, his re-appointment is required to be approved by a special resolution. Approval of the members is also required under Section 269 read with Schedule XIII of the Companies Act, 1956 for the appointment of Mr. Bharat K. Sheth, Deputy Chairman & Managing Director and for payment of remuneration to him. Moreover the resolutions at item nos. 9 to 10 also envisages payment of minimum remuneration prescribed under Schedule XIII in case of absence or inadequacy of profits to the extent the Board of Directors may decide subject to the limits prescribed from time to time. The resolutions passed by the Members at the annual general meeting held on July 25, 2002 and amended by the resolutions dated June 25, 2004 for appointment and remuneration payable to each of the Working Directors aforesaid will cease to have effect only upon the respective resolutions for re-appointment becoming effective.

Your Directors commend the resolutions at item nos. 9 and 10 for your approval.

Mr. K. M. Sheth and Mr. Bharat K. Sheth are deemed to be interested in their own appointment and Mr. K. M. Sheth, Mr. Bharat K. Sheth and Mr. Ravi K. Sheth being relatives of each other may also be deemed to be interested in the appointments although they derive no pecuniary interest in it. No other director has any interest in the above appointment.

This may also be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No. 11 (Special Resolution):

Ms. Ketaki Sheth was appointed as an Officer on Special Duty to assist the Trustees of Vasant J Sheth Memorial Foundation, a public charitable trust active in the area of maritime education and creating awareness about the role and valuable contribution of the Indian Maritime Industry. She has put in considerable work for the Foundation over the years. She was drawing a remuneration of Rs. 5,000/- per month apart from other benefits. As her remuneration was not revised since her appointment in 1993, it is proposed to revise her remuneration with effect from November 1, 2005 as under:

a) Consolidated salary of Rs. 50,000/- per month inclusive of reimbursement of expenses on account of car and driver.

b) Reimbursements of medical expenses incurred by herself and her family subject to one month salary in a year or 3 months salary over a period of 3 years.

c) Provision of communication facilities at her residence for use of Company's work.

d) Personal accident insurance as per the rules of the Company.

Section 314(1B) of the Companies Act, 1956 (Act) read with Directors Relatives (Office or Place of Profit) Rules, 2003 provides that, a relative of a director shall not hold office or place of profit carrying a total monthly remuneration not less than Rs. 50,000/- unless the same is approved by the members of the Company. The section also provides for seeking approval of the members at the first meeting of the members held after increasing the remuneration.

Ms. Ketaki Sheth is the daughter of late Mr. Vasant J. Sheth and Mrs. Asha Sheth, currently a Director of the Company.

Your Directors commend the resolution at item no. 11 of the Notice for your approval.

None of the Directors of the Company except Mrs. Asha Sheth are concerned or interested in the aforesaid resolution.

By Order of the Board of Directors

Jayesh M. Trivedi
Company Secretary

Mumbai, October 27, 2006
Registered Office:
Ocean House,
134-A, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.

INFORMATION AS REQUIRED UNDER CLAUSE 49 (IV)(G) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING RE-APPOINTED.

(a) Mr. Keki Mistry

Mr. Keki Mistry is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of India.

Mr. Mistry is the Managing Director of Housing Development Finance Corporation Limited (HDFC), since November 2000. HDFC is India's premier and largest well managed, world class housing financial institution and has turned the concept of housing finance for the middle class into a profitable, well managed, world class enterprise. Mr. Mistry joined HDFC in October 1981. Prior to HDFC, Mr. Mistry worked in the Indian Hotels Co. Ltd. as Accounts Officer.

Besides his responsibilities within HDFC, Mr. Mistry has been deputed on consultancy assignments to the Commonwealth Development Corporation (CDC) in Thailand, Mauritius, Caribbean Islands and Jamaica to review and evaluate the operations of mortgage financial institutions in these countries. He has also worked as a Consultant for the Mauritius Housing Company in Mauritius, and for the Asian Development Bank, on the feasibility of establishing a secondary mortgage market in India.

Mr. Mistry has attended overseas training programmes and conferences on housing related subjects.

As on date Mr. Mistry holds 802 equity shares of the Company.

Apart from the Company Mr. Mistry is also on the Board of Directors of the following public limited companies:

1. Housing Development Finance Corpn. Ltd.
2. HDFC Developers Ltd.
3. HDFC Bank Ltd.
4. HDFC Trustee Company Ltd.
5. HDFC Standard Life Insurance Co. Ltd.
6. HDFC Chubb General Insurance Co. Ltd.
7. Gruh Finance Ltd.
8. Infrastructure Leasing & Finance Co. Ltd.
9. Sun Pharmaceutical Industries Ltd.
10. Mahindra Holidays & Resorts India Ltd.
11. NexGen Publishing Ltd.

Apart from being a member of the Audit Committee of the Company, Mr. Mistry is also a member the following committees:

Name of the Company	Name of the Committee	Member/ Chairman
Housing Development Finance Corpn. Ltd.	Investors Grievance	Member
HDFC Bank Ltd.	Credit Customer Services Fraud Monitoring	Member Member Member
HDFC Standard Life Insurance Co. Ltd.	Audit	Member
HDFC Chubb General Insurance Co. Ltd.	Audit	Chairman
HDFC Trustee Company Ltd.	Audit Customer Services Risk Management	Member Member Member
Gruh Finance Ltd.	Audit Remuneration Investment	Member Member Member
Infrastructure Leasing & Financial Services Ltd.	Audit Share Transfer	Member Member
Sun Pharmaceutical Industries Ltd.	Audit	Chairman

(b) Mr. Cyrus Guzder

Mr. Cyrus Guzder has a Masters Degree (Honours) from Trinity College, Cambridge University, U.K. in Economics & Oriental Studies.

He is the Chairman & Managing Director- AFL Private Ltd. (formerly Airfreight Ltd.) Founded in 1945, AFL is a multi-divisional company engaged in logistics, courier services and global freight forwarding.

He held several important positions in the Travel Industry association in the past. He is acting as Chairman, Confederation of Indian Industries (CII) National Committee on Transportation and Logistics.

As on date Mr. Guzder holds 1473 equity shares in the Company.

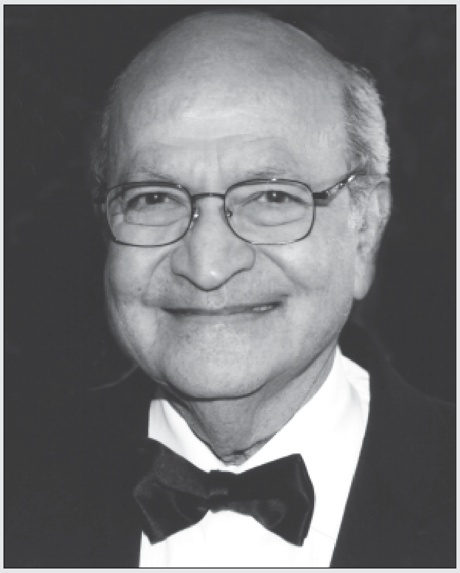
Apart from the Company Mr. Guzder is also on the Board of Directors of the following public limited companies:

1. AFL Worldwide Ltd.
2. N.S. Guzder & Company Ltd.
3. Zeenia Realtors Ltd.
4. BP India Ltd.
5. Alfa Laval India Ltd.
6. Mahindra Holidays & Resorts India Ltd.

Apart from being a member of the Audit Committee and Remuneration Committee of the Company, Mr. Guzder is also a member the following committees:

Name of the Company	Name of the Committee	Member/ Chairman
Alfa Laval India Ltd.	Audit Share Transfer Investor Grievances	Chairman Member Member
Mahindra Holidays & Resorts India Ltd.	Audit	Chairman

Chairman's Statement



Dear Shareholders,

Once again, I am delighted to report to you another year of record profits of your Company. For the FY 2005-06, your Company (after effecting the impact of the demerger) registered a net profit of Rs.838.60 crores on total income of Rs.2342.08 crores. This represented a return of 37% on average shareholder funds. The Board of Directors declared a total dividend of Rs.11.22 per share for the year resulting in an outflow of Rs.194.85 crores including tax thereon with a dividend payout ratio of around 23%.

The year witnessed another period of extreme volatile conditions for both tankers and dry bulk vessels once again endorsing the fairly well balanced demand and supply condition in both the markets. Details of the market and the Company's performance during the year have been well covered in the management discussion and analysis section of this report.

With a view to enhance shareholder value, the Board of directors approved the scheme of demerger of your Company's offshore division into a separate company called Great Offshore Limited. Subsequent to completion of all legal and administrative proceedings, the demerger process has been concluded.

Going forward, the operating environment for the industry remains even more challenging. High volatility in global oil and gas prices, uncertain demand for commodities and an uncertain geopolitical environment will continue to increase volatility in freight markets. Managing risks in such a climate will be the key to long term sustainable performance. Amidst this environment, your Company will continue to seek investment opportunities for the future.

I wish you all the very best in the coming year.

Best Regards,

K.M. Sheth
Executive Chairman

Mumbai : October 27, 2006

Director's Report

Obligated to keep trying to do the best each day.

DIRECTORS' REPORT

Your Directors are pleased to present the 58th Annual Report on the business and operations of your Company and Audited Accounts for the financial year ended March 31, 2006.

LATE MR. SUDHIR J. MULJI

Your Directors record their profound grief at the sad and untimely demise of your Executive Deputy Chairman, Mr. Sudhir J. Mulji. Mr. Mulji's contribution to the growth of your Company and its wholly owned subsidiary in London had been invaluable. As President of Indian National Shipowners Association he protected and promoted the interests of the shipping industry.

The passing away of such a person was a great loss not only for the Group, friends and family but also to the entire shipping industry. He will be greatly missed not only by the Directors but also by his colleagues and friends, who were many in number.

RESTRUCTURING

During the year under review, the Board of Directors had initiated restructuring of its business by way of demerging its offshore services business with a view to help unlock value for members. The process of demerger was completed on October 16, 2006, that being the Effective Date under the Scheme of Demerger (Scheme). The Offshore Services Business has been now demerged as a going concern into a separate company named Great Offshore Limited (Great Offshore) effective April 1, 2005 (Appointed Date). Due to the delay in completion of Demerger formalities the Company obtained extension of time for holding the Annual General Meeting from the Registrar of Companies under the provisions of the Companies Act

As an integral part of the Scheme, the share capital of the Company has been restructured and reorganised. As a consideration of demerger members of the Company will be allotted at no cost to the members the shares of Great Offshore in the ratio of 1 equity share for every 5 shares held in the Company. Consequently, as per the Scheme the share capital of the Company stands reduced. The reduction of share capital has been achieved by reducing the paid-up value of every share by Rs. 2/- and consolidated into 4 equity shares of Rs.10/- each. In other words the members of the Company on Book Closure, for every 5 equity shares held prior to Book Closure will get 4 equity shares of this Company and 1 equity share of Great Offshore. Thus Company's issued, subscribed and paid-up share capital stands reduced from 19,08,73,056, 19,03,43,123, 19,03,42,405 equity shares to 15,26,98,445, 15,22,74,498, 15,22,73,924 equity shares respectively, with effect from the Appointed date i.e. April 1, 2005.

To ascertain the shareholders who will be eligible for allotment of Equity Shares of Great Offshore and new shares of the Company, the Company announced a Book Closure from November 15, 2006 to November 16, 2006 (both days inclusive).

As per the Scheme the services of Mr. Vijay K. Sheth were transferred to Great Offshore from the Effective Date. Consequently he ceased to be Managing Director as well as Director of your Company.

As mentioned earlier, since the Demerger of Offshore Services Business has taken effect from April 1, 2005 the Annual Accounts of the Company for the financial year ended March 31, 2006 pertains to the "Remaining Business" of the Company that is Shipping Business. In view of this, the previous year figures appearing in the Annual Accounts are not comparable.

FINANCIAL PERFORMANCE

Your Company has for the 6th year in succession achieved record profits:

(Rs. in lakhs)

		2005-06	2004-05*
Total Income		**234208**	211923
Total Expenditure		**146631**	132805
Profit before tax		**87577**	79118
Less/(Add): Provision for tax			
– Income tax – Current tax	**2600**		2200
– Deferred tax	**406**		–
– Fringe Benefit tax	**221**		–
– Deferred tax liability written back - an exceptional item	**–**		
		3227	(4738)
Profit for the year after tax		**84350**	81656
Less: Prior period adjustments		**490**	777
		83860	80879
Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income–tax Act,1961		**14500**	15000
		69360	65879
Add : Transfer from –			
– Reserve under section 33AC of the Income–tax Act, 1961		**–**	14500
– Debenture Redemption Reserve		**1900**	1900
		71260	82279
Add : Surplus brought forward from previous year	**34456**		
Less: Transferred to Great Offshore Ltd. on de-merger	**6900**		
		27556	9388
Amount available for appropriation		**98816**	91667
Appropriations:			
– Transfer to Capital Redemption Reserve	**–**		7500
– Transfer to General Reserve	**20000**		30000
– Interim Dividend on Preference Shares	**–**		253
– Interim Dividend on Equity Shares	**17088**		11421
– Proposed Dividend on Equity Shares	**–**		5710
– Tax on Dividends	**2397**		2327
		39485	57211
Balance Carried Forward		**59331**	34456

* Figures relating to F.Y. 2005-06 pertain to the remaining business of the Company i.e. Shipping business post demerger of Offshore Services Business w.e.f. April 1, 2005. In view of this previous year's figures are not comparable.

The total income for the year was recorded at Rs. 234208 lakhs as against Rs. 211923 lakhs in the previous year and a Net Profit after prior period adjustments of Rs. 83860 lakhs as against Rs. 80879 lakhs in the previous year.

DIVIDEND ON EQUITY SHARES

During the year, your Directors declared 3 interim dividends resulting in an outflow of Rs. 19485 lakhs (inclusive of tax) which post demerger (on reduced share capital) aggregated to Rs. 11.22 per share. This payout ratio works out to be 23%.

The Board has decided not to declare any further dividend for the year under review.

Your Directors have declared an interim dividend of Rs. 4/- per share for the financial year 2006-07. The interim dividend so declared shall be paid to the shareholders on or after November 22, 2006 and this dividend will be paid on the reduced capital consequent upon Demerger.

ALLOTMENT OF FURTHER SHARES

During the year, prior to Demerger becoming effective, the Company allotted 2,430 equity shares of Rs. 10/- each out of the 6,49,621 Rights Equity Shares held in abeyance for security scam related cases 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 increased to Rs. 1,90,34,24,050 divided into 19,03,42,405 equity shares of Rs.10/- each.

SUBSIDIARIES

While the demerger process was underway, investments in the shipping space were not justifying returns especially as high volatility in freight markets continued to support firm asset prices in the modern end of second hand market while the ship yards were flooded with orders.

During this period, your Directors evaluated various business opportunities both within the sector as well as in diversified sectors with a view of judiciously deploying its funds. After evaluation, your Directors were of the opinion that investment into the offshore business would provide superior returns as compared to other business. Moreover the domain knowledge of the business proved to be an additional advantage. Your Directors however with a view eventually not to lose on valuation of Offshore Business have decided to enter this business through a wholly owned subsidiary Greatship (India) Limited (GIL) which eventually will get the valuation flowing to members through the Company.

GIL has invested upto date of this report an amount in excess of USD 380 million to acquire Offshore Support Vessels and Drilling Rig. Considering the substantial commitment to the Offshore business in the form of investments, your Directors have decided to closely monitor the business and have entrusted Mr. Ravi K. Sheth, Executive Director of the Company additional responsibilities of GIL business.

Apart from Greatship (India) Limited, your Company has 3 Wholly Owned Subsidiaries namely The Great Eastern Shipping Co. London Limited, London, The Greatship (Singapore) Pte. Ltd., Singapore and The Great Eastern Chartering LLC - FZC, Sharjah. Your Company also has a 63.64% controlling stake in Routes Travel Limited.

The audited statement of accounts along with the report of the Board of Directors relating to the Company's aforesaid subsidiaries for the year ended March 31, 2006 are annexed.

The Great Eastern (Fujairah) L.L.C.- FZC, Fujairah and Deep Water Services (India) Limited the other subsidiaries related to the offshore services business have been transferred to Great Offshore Limited upon the demerger becoming effective.

MANAGEMENT DISCUSSION AND ANALYSIS

In FY 2005-06, the Company recorded a total income of Rs. 234208 lakhs and earned a PBIDT of Rs.134307 lakhs.

TANKER BUSINESS

MARKET TREND AND ANALYSIS

Similar to FY 05, FY 06 was characterised by significant volatility in shipping markets. World oil demand grew by a relatively modest 1.3% or 1.1 million barrels per day ("b/d"), in 2005, after the breakneck growth of 2004 (now revised to 3.2 million b/d or 3.9%). The lower growth rate in 2005 resulted primarily due to slowdown in oil demand growth in the U.S. and China. In the U.S., the slower growth was caused by the effects of the hurricanes during the last half of the year while high oil prices and the inability of refiners in China to recover these costs in the marketplace restrained Chinese demand.

The world tanker fleet increased to 351.3 million dwt at the end of the year, 6.9% higher than the 328.7 million dwt at the beginning of FY 06.

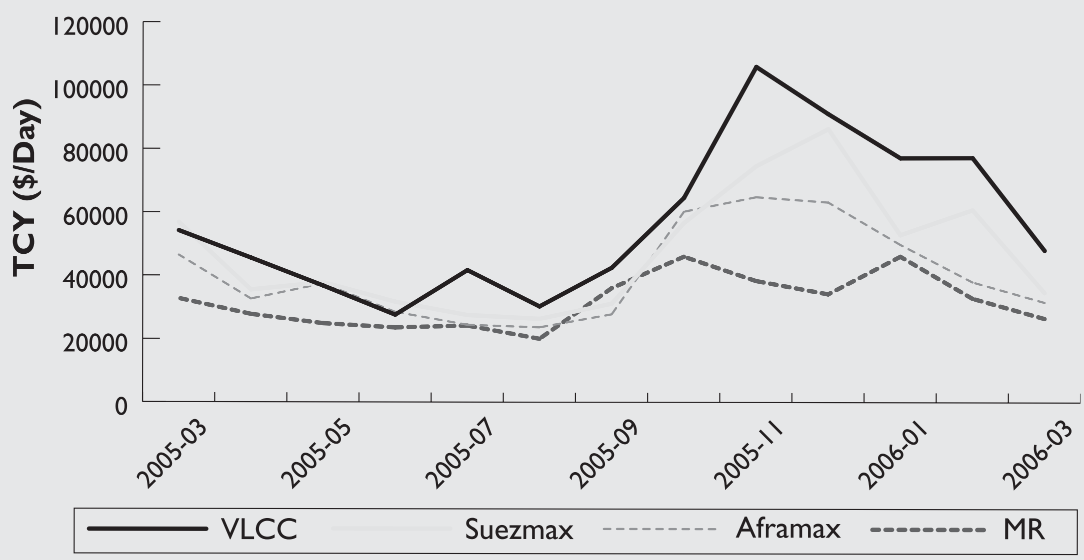
Extreme weather had a significant impact on the tanker market. In particular, two major hurricanes in the Gulf of Mexico significantly disrupted crude oil production, refinery operations and shipping logistics in middle of FY 06. The hurricanes affected both the crude oil and refined product markets. During October 2005, over one million b/d, or 69% of crude oil production in the Gulf of Mexico, was disrupted. About 1 million b/d of refining capacity in US gulf was also rendered inoperable.

Middle East OPEC supplied most of the incremental barrels, as net increases in non-OPEC crude oil production were minimal. This caused a significant reduction in OPEC's spare producing capacity.

Both developments were positive for shipping, as they increased ton-mile demand for both crude oil and petroleum products. As a result, tanker rates in FY 06 remained well above historical averages despite a significant increase in the world tanker fleet.

The demand-supply relationship was tightly balanced, leading to a high level of volatility. VLCC spot rates, for instance, ranged between WorldScale 227 (WS) (Time Charter Equivalent, or TCE, approx. $130,000/day) and WS 50 (TCE approx. $12,500/day) during the year.

Tanker average spot earnings over the year



Source : Clarksons

COMPANY PERFORMANCE

The tanker fleet contributed around 81% of the Company's revenues and 84% of the operating profits.

In FY 06, around 43% of the earnings was derived from the spot market. The crude tankers earned an average TCY of $ 28,200/day (previous year $32,300/day), while the product carriers earned an average TCY of $20,300/day (previous year $16,200/day). 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 $16,000/day (previous year $16,600/day).

TANKER FLEET CHANGES

The Company's tanker fleet decreased by 0.14 mn dwt to 2.54 mn dwt during the financial year 2005-06.

During the year, your Company took delivery of its second double hull Suezmax tanker, 'Jag Lalit', in May 2005.

Your Company also acquired a modern double hull Aframax tanker, 'Jag Lyall', in March 2006.

Your Company sold a VLCC, 'Vasant J Sheth' in June 2005 and one Aframax tanker 'Jag Laila' in July 2005. Your Company also sold a product tanker 'Jag Prakash' in November 2005.

During FY 06, your Company placed orders for two Long range one (LR1) product tankers, both of which are to be delivered in mid 2009. With this the total new building orders for the Company rests at seven vessels involving a total outlay of US $270mn.

The current tanker fleet of your Company stands at 32 tankers aggregating 2.54 mn dwt, with an average age of 12.25 years as against 2.67mn dwt with an average age of 12.8 years last year.

OUTLOOK FOR THE TANKER MARKET

IEA expects that the average demand for Crude Oil in 2006 will be 84.8 million barrels per day or a 1.4 percent growth from 2005, hence showing belief in continued strong demand growth. We expect that the incremental demand for tankers will be approximately 3-4%. With a total of 27.5 million dwt of tankers to be delivered in 2006 and 8 million dwt of scrapping expected, the net fleet growth in tankers in 2006 would be about 6%, with fleet utilisation likely to drop from last year's levels. We therefore expect that average spot rates, though healthy, will be lower than those in the previous year.

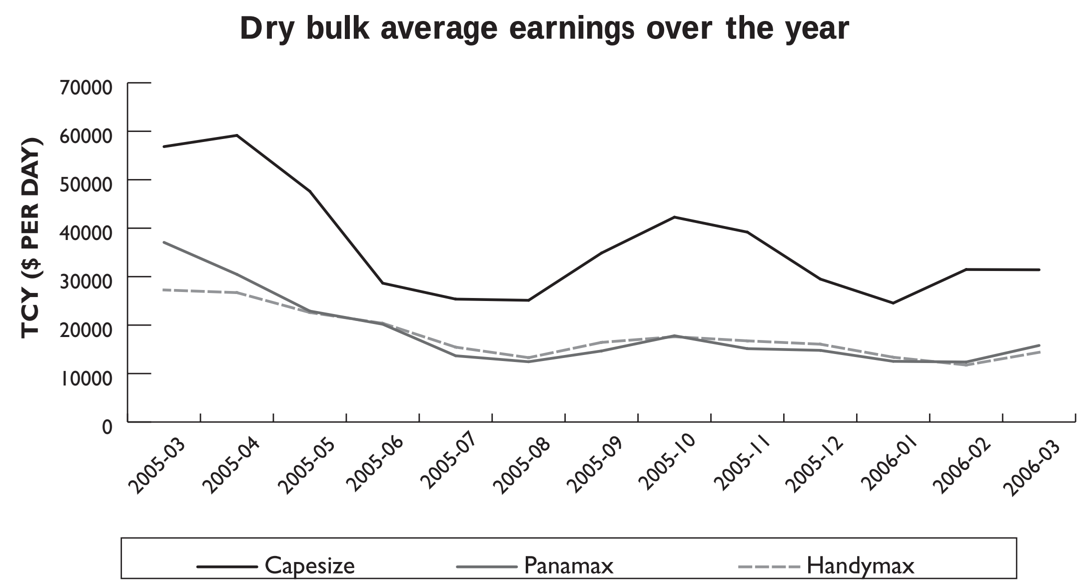
The tanker orderbook currently stands at about 99.8 million dwt or 26% of the fleet at the end of March 2006.

DRY BULK BUSINESS

MARKET TREND AND ANALYSIS

The Dry Bulk market in 2005 was the second best year ever recorded. Similar to 2004, the dry bulk markets were predominantly driven by the Chinese demand for commodities. Chinese imports of iron ore grew by an amazing 67 million tons over the 2004 level of 208 mt, while steel production moved up 76 million tons to 350 mt in 2005. India also recorded its largest ever increase in steel production from 32.5 million tons to 37 million tons.

The overall increase in demand for bulkers in 2005 is estimated between 4.5-5.5%. Against this, the world dry bulk fleet increased to 349.33 million dwt at the end of the year, 6.8% higher than the 327.0 million dwt at the beginning of FY 06, resulting in a weakening in utilisation levels.



Source : Clarksons

The same is reflected in the earnings, with Panamax and Handymax spot averages dropping 40% and 30% to $ 19,800/day and $ 18,700/day respectively.

COMPANY PERFORMANCE

The dry bulk fleet contributed around 14% of the Company's revenues and 13% of the operating profits. The average TCY for dry bulk vessels was approximately $16,500/day as compared to $19,200/day in the previous year.

DRY BULK FLEET CHANGES

Your Company acquired a 1997 built Handymax bulk carrier, 'Jag Ravi', in May 2005.

Your Company also acquired 2000 built Handymax bulk carrier, 'Jag Reena' and 2003 built Super Handymax bulk carrier 'Jag Rahul' in June 2005.

Your Company sold its Handysize bulk carrier, 'Jag Ratna' in October 2005.

Your Company also sold its Handysize bulk carriers, 'Jag Radha' and 'Jag Rupali' in November 2005.

The current dry bulk fleet stands at 9 vessels aggregating 0.38 mn dwt, with an average age of 15.1 years as against 0.34 mn dwt with an average age of 21 years last year.

OUTLOOK FOR THE DRY BULK MARKET

The global economy is projected to grow by 4-4.5% in 2006 with Asian economies including China and India continuing to grow at a strong pace. The demand for dry bulk commodities is expected to grow by 3.5-4.5% on the back of firm underlying fundamentals.

A total of 26 million dwt is due for delivery in 2006 resulting in a fleet growth of about 6-7% which is likely to keep earnings under pressure. Overall, freight rates are expected to be weaker than 2005.

The dry bulk vessel orderbook stands at about 65.2 million dwt or about 18.7% of the existing fleet, at the end of March 2006.

ASSET VALUES

Modern tankers saw an increase of between 6 and 8% in second-hand values over the year, while modern dry bulk carriers however saw a drop of between 20 to 30% in value during the same period. Older tankers dropped 15 to 25% over the year, while older bulkers also saw their values drop between 30 to 50%.

Although New-building prices ended the year at roughly the same level as the start of FY 05. Prices increased in the first half by 5-10% reaching its peak by mid 2005 before weakening marginally by end 2005. However towards the end of the year there was renewed interest particularly in tankers resulting in small increase in prices.

The value of your Company's fleet is well above its book value and there is a significant unrealised gain in the total value of the outstanding Newbuilding contracts.

Market & Business Developments post the Period under Review.

The Tanker and Dry Bulk Market

For the first half of FY 07 the tanker freight across segments fell initially during the first quarter but later firmed up as the global refinery maintenance period came to an end. Persistent oil demand in US and China and consequent strong imports provided support to the earnings. The earnings on all the major routes were inline or firmer with respect to the corresponding quarters of last year.

Dry bulk earnings firmed up steadily during the first half of FY 07 on account of the growth in minor bulk trade most notably steel and cement, which pushed up the rates on the smaller ships. The strong imports of iron ore into China supported earnings for the Capesize segment. The dry bulk markets were firm as compared to the volatility that was experienced in the first half of FY 06.

Business Developments

During the first half of FY 07, your Company sold the double hull MR tanker "Jag Prachi" (44K, 1996 blt). The Company also sold its non-double hull Aframax tanker "Jag Leena"(95K, 1985 blt).

During this period, your Company contracted to buy a modern double hull Suezmax tanker "Seaprincess" (148K, 1996 blt). The Company shall take delivery of the vessel in the 3rd quarter of the financial year. Your Company has also contracted to buy a modern capesize bulkcarrier "Thalassini Axia"(164K, 1996 blt). This vessel shall be delivered to us in Q4 FY 07.

Your Company also confirmed the NB contracts with STX Shipbuilding Company Ltd., Korea for the construction of 2 Long Range One (LR1) Product Tankers of 74,500 dwt each**.** The ships will be delivered to us in Q3 FY 09.

RISKS AND CONCERNS FOR THE COMPANY

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 Company.

Volatility: Over and above the economic risks, the shipping industry is impacted by numerous short term and regional factors, like political fallouts, weather changes, etc. This results in great amount of volatility in the freight market, which in turn impacts your Company's earnings.

Your Company has attempted to hedge some of this risk by entering into time charters for part of its fleet. For the year 2006-07, approximately half of the Company's operating days has been covered in this manner.

High proportion of single hull tankers in the fleet: As stated above, only 43% 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 the unfavorable 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.

Oil Price Risk: With crude oil prices expected to remain high, there is a risk of increase in costs due to higher cost of bunkers, lube oil, etc which could negatively impact the earnings of the Company. Your Company continuously endeavors to mitigate the same by hedging at least part of the risk at an opportune time.

FOREIGN EXCHANGE AND INTEREST RATE RISK MANAGEMENT

A substantial portion of your Company's revenues are in U.S. Dollars and therefore it's income is sensitive to the fluctuations in the Rupee : USD exchange rate. A significant part of this exposure is hedged by a) denominating most of it's debt servicing obligations in US dollars and b) incurring some of it's operating and repair costs in foreign currency. The net residual currency exposure is then being managed actively using hedge products like forward covers and options as per prevailing internal risk management guidelines. As of March 31, 2006, your Company had forward sold position of US Dollars 99.5 million.

Similarly your Company also has a system for taking suitable hedges through fixed rate interest swaps to minimise it's effective borrowing costs.

QUALITY, SAFETY, HEALTH & ENVIRONMENT

Your Company steers the diverse type of ships steadily across the oceans and the Company colours well fortified with strong perimeters spelling the impregnable elements of Quality, Safety, Health and Environment. Government of India has certified your Company for its Safety Management Systems for compliance with the International Safety Management Code (ISM) since 1998 issuing Safety Management Certificate to each ship.

Your Company is establishing and implementing an Integrated Management System for all its office functions and extending to onboard ships as relevant, to its fleet of ocean going ships. The systems include the Safety Management System in accordance with the requirements of the ISM code; Quality Management System as per the requirements of ISO 9001:2000; Environmental Management System as per the requirements of the international standard ISO 14001:2004; Occupational Health and Safety Management System as per the requirements of OHSAS 18001:1999 and guidelines on the elements of a Shipboard Occupational Health and Safety Program (SOHSP) as contained in the Engineering Circular No. 56 of the Directorate General of Shipping. The culmination of these systems will aim to ensure safety at sea, prevention of human injury and also to marine environment and property.

The occupational health and safety planning is focused towards hazard identification and risk assessment for all routine and non-routine activities to all personnel having access to our ships and shore office. The Company's methodology for hazard identification has been defined with a proactive approach for judicious classification of risks, which are consistent with the operating experience. The inputs for determination of facility requirements are based on identification of training needs and development of operational controls, which are monitored to ensure the effectiveness and prompt implementation.

Your Company has also undertaken planning of environmental aspects with particular reference to impacts and evaluation of the significance of such environmental impacts. Your Company is already identifying the environmental aspects of various activities and services in the shore office and ships to exercise adequate controls for protecting our environment.

ON-BOARD TRAINING

The initiated on-board training of shipboard personnel continues as per the pre defined plan and experienced trainers sail on our ships for very close shipboard interaction and imparting training followed by assessment and evaluation of the personnel to ensure that the training is meaningful and well-understood for practical application on board the ships. Additionally, your Company is now embarking on a plan to further increase the training by using computer software tools such as Computer Based Training through recognised and leading international vendor to impart value added training to our shipboard personnel. This will guide the shipboard personnel through computer based training media followed by required assessment and evaluation. For safe and efficient operation of our ships the training factor continues to receive the due unhindered attention without any complacency.

GREAT EASTERN INSTITUTE OF MARITIME STUDIES (GEIMS)

Availability of trained and experienced officers to man the marine fleet has always been a challenge for the shipping industry, your Company being no exception. In the recent years the demand supply gap has widened considerably due to great demand for Indian Officers all over the world. In order to overcome this challenge, your Company initiated construction of a modern state of art training institute amidst serene and scenic location at Lonavala and has been named Great Eastern Institute of Maritime Studies.

Spread over 74,000 square meters GEIMS has been providing residential Graduate Marine Engineer (GME) and Trainee Navigating Officer Cadet (TNOC) courses since January 2006.

With this initiative your Company hopes to benefit from the availability of qualified and trained officers to man our vessels on a regular basis and will also be able to meet with the minimum training requirement under the tonnage tax system.

EXPANSION DURING THE YEAR

With a view to build and operate a modern fleet of vessels in all segments of its operations, your Company continued with the expansion and modernisation drive. The Company during the year acquired both new building as well as modern second hand vessels. The Company has acquired 5 vessels during the year and sold 6 vessels. The total owned tonnage as on date is 2.78 million dwt (2.92 million dwt as on March 31, 2006). The total fleet strength as on date stands at 39 vessels (41 vessels as on March 31, 2006). With 9 vessels under construction, agreements for acquisition of 2 modern second hand vessels and committed capex of about USD 505 million, the Company is all set to join the league of major international shipping companies with a young fleet of vessels.

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 after giving effect to the demerger. The audited Consolidated Financial Statements together with Auditors Report thereon form part of the Annual Report.

The group recorded a consolidated net profit after prior period adjustment of Rs. 85212 lakhs for the year under review as compared to Rs. 83860 lakhs for the Company. The networth of the group as on March 31, 2006 was Rs. 242038 lakhs as compared to Rs. 238619 lakhs for the Company.

DEBT FUND RAISING

Keeping in view the large internal generations, funds raised through fresh debt issuance was much lower during the year as compared to FY 05. During the year fresh debt of Rs. 33710 lakhs was raised. In addition, an unsecured loan of USD 53 million was refinanced to bring down the interest cost. Further, an amount of Rs. 12061 lakhs was prepaid during the year. The gross debt : equity ratio as on March 31, 2006 was 0.78 and the net (of cash) debt : equity ratio was 0.22.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has in place adequate internal control systems commensurate with the nature of it's business and the size of it's operations. The audit process is conducted under the direction, guidance and supervision of the Audit Committee, which comprises of three Independent Directors. The Internal Audit is carried out by a firm of external Chartered Accountants and covers all the departments and key business processes of the Company. All audit reports with significant observations and follow-up actions thereon are reported to this Committee. The Audit Committee met 4 times during the year.

IT INITIATIVES

Your company in its drive towards meeting all compliance and statutory requirements has now finalised implementation of Ship and Shore based Ship management systems. These systems will help comply with TMSA (Tanker Management & Self Assessment) requirements by ensuring easy availability to prescribed data.

In a continued effort towards improving efficiencies we have streamlined MIS reporting and are using automated tools for better control on expenses versus the budgeted figures.

Your Company has also ensured decentralisation of data so that divisions have better control on their respective systems.

Your Company has ensured complete security and protection of data against viruses and malicious programs and there have been no incidences of loss of any kind due to either.

HUMAN RESOURCES

Your Company enjoyed productive and cordial relations with the highly committed shore based staff during the course of the year. However shortage of officers for the floating staff continued to plague the Industry. Measures are being planned to overcome the situation.

DIRECTORS

Your Directors appointed Mr. Bharat K. Sheth, Managing Director as the Deputy Chairman in place of Mr. Mulji with effect from August 12, 2005. Mr. Bharat Sheth continues to act as the Managing Director of your Company and has been designated as Deputy Chairman and Managing Director.

Mr. Keki Mistry and Mr. Cyrus Guzder retire by rotation and being eligible offer themselves for re-appointment. Mr. T. N. Pandey retires by rotation but did not offer himself for re-appointment. Mr. Pandey has been associated as a Director of the Company since 1992. His active participation and contribution at the meetings of the Board and various Committees have been invaluable. Your Directors place on record their appreciation for the valuable guidance and support extended by him during his tenure as a Director.

Mr. Ravi K. Sheth was appointed as an Additional Director on the Board of Directors of the Company with effect from January 30, 2006.

Mr. Ravi K. Sheth has been designated as Executive Director and is in the whole time employment of the Company. Mr. Sheth is responsible for expansion and business development initiatives taken by the Company. He has been entrusted with the additional responsibility of overseeing GIL's business. He ceases to be a Director on the date of the 58th Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received in respect of his appointment as Director on the Board.

Mr. Berjis Desai was also appointed as an Additional Director on the Board of Directors of the Company with effect from October 27, 2006 as an independent Director. He ceases to be a Director on the date of the 58th Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received in respect of his appointment as Director on the Board.

The terms of appointment of Mr. K. M. Sheth, Executive Chairman and Mr. Bharat Sheth, Deputy Chairman & Managing Director expires in March 2007 i.e. in the next 5 months. It was thought administratively convenient to mutually terminate their existing terms with effect from September 30, 2006 and re-appoint them as Wholetime Directors for a period of 5 years with effect from October 1, 2006 on fresh terms and conditions.

Considering the responsibilities shouldered by Mr. Ravi K. Sheth and taking cognizance of the present remuneration packages of Wholetime Directors in the industry, your Directors decided to revise the remuneration payable to Mr. Ravi K. Sheth. The revision, if approved, will be effective October 1, 2006. The details of the fresh terms of appointment of Mr. K. M. Sheth, Executive Chairman and Mr. Bharat Sheth, Deputy Chairman & Managing Director and the revised remuneration of Mr. Ravi K. Sheth is enumerated in the notice of the 58th Annual General Meeting.

CORPORATE GOVERNANCE

A. Your Company was Corporate Governance compliant much before SEBI stipulated deadline in the year 2005. Your Company has complied with the mandatory provisions of Clause 49 relating to Corporate Governance of the Listing Agreement. A separate section on Corporate Governance forms part of the Director's Report and the certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance is included in the Annual Report.

B. **RISK MANAGEMENT PROCESS**

The revised Clause 49 of the Listing Agreement of Stock Exchanges requires various measures to be taken by listed companies to ensure good Corporate Governance. Clause 49 also focuses on Risk Management (RM) and requires organisations to build a procedure for Risk Management that has to be periodically reviewed by the Board.

In light of the above requirements your Company initiated a RM program for its business risks. The program intended to build upon the foundation of the existing risk management process and practices of the Company and evolve a structured approach for risk management to manage significant risks faced by your Company.

To this end, to put in place the necessary RM framework and reporting regime, to enable the Company to proactively assess and demonstrate whether its significant risks are properly identified and controlled, and to potentially eliminate unnecessary control related overhead, your Company had appointed External Experts for assisting in designing the RM framework and related processes.

As part of the engagement the Experts had undertaken risk identification and assessment exercise along with identified key managerial personnel of your Company.

The exercise involved developing a Risk Identification Process, Risk Management Framework and putting in place a structured Risk and Control Assessment Process.

The recommendations have been implemented and the Directors believe that the Company has a sound risk assessment and minimisation procedure in place.

DEMATERIALSATION 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 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. 73278 lakhs).	255954
(b)	Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships, interest payment.	140363

PARTICULARS OF EMPLOYEES

Statement pursuant to Section 217(2A) of the Companies Act, 1956 (Act), read with the Companies (Particulars of Employees) Rules, 1975, is annexed to this Report. As contemplated by Section 219 of the Act, members are provided with abridged accounts. 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.

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, Transchart, Ministry of Petroleum & Natural Gas, Ministry of Finance, Directorate General of Shipping, 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, October 27, 2006.

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 of Directors of the Company has an optimum combination of Executive and Non Executive Directors and comprises of 11 Directors as on March 31, 2006 of which 7 are Non Executive Directors. As the Company has an Executive Chairman, 50% of the Board should comprise of Independent Directors. Accordingly the Company has 6 Independent Directors.

During the year ended March 31, 2006, 12 Board Meetings were held on April 5, 2005, April 29, 2005, June 24, 2005, July 28, 2005, August 12, 2005, August 31, 2005, September 15, 2005, October 27, 2005, November 17, 2005, December 9, 2005, January 30, 2006 and March 18, 2006.

The composition of the Board, attendance at Board and Annual General Meetings, Number of Directorships, Memberships/Chairmanships in public companies and the shareholding of the Non Executive Directors in the Company are as follows:

Name of Director	Category	FY 2005-06 Attendance at		As on March 31, 2006			Shareholding of the Non Executive Directors in the Company as on March 31, 2006
		BM	AGM	No. of other Director-Ships ##	Committee Positions @		
					Member	Chairman	
Mr. K. M. Sheth	Promoter, Executive Chairman	12	Yes	1	—	—	—
*Mr. S. J. Mulji	Promoter, Executive Deputy Chairman	2	No	—	—	—	—
Mr. Bharat K. Sheth	Promoter, Dy. Chairman & Managing Director	12	Yes	2	—	—	—
**Mr. Vijay K. Sheth	Promoter, Managing Director	12	Yes	6	—	—	—
#Mr. Ravi K. Sheth	Promoter, Executive Director	2	N.A.	4	—	1	—
Ms. Asha V. Sheth	Promoter, Non Executive Director	11	Yes	—	—	—	29,43,473
Mr. R. N. Sethna	Non Executive Independent Director	10	Yes	5	1	2	38,070
Mr. Manu Shroff	Non Executive Independent Director	12	Yes	2	3	—	8,016
Mr. T. N. Pandey	Non Executive Independent Director	10	Yes	1	—	—	513
Mr. Keki Mistry	Non Executive Independent Director	8	Yes	11	6	2	802
Mr. Cyrus Guzder	Non Executive Independent Director	9	Yes	6	1	2	1,473
Mr. Vineet Nayyar	Non Executive Independent Director	8	No	7	—	—	28,757

* Expired on July 15, 2005.
** The services of Mr. Vijay K. Sheth have been transferred to Great Offshore Limited with effect from October 16, 2006 in terms of the Scheme of Arrangement and hence since that date he ceases to be a director of the Company.
\# Appointed as Additional Director and designated as Executive Director on January 30, 2006.
\## excludes directorships in private limited companies.
@ includes memberships of Audit and Shareholders Grievance Committees. Membership does not include Chairmanship of Committees.

Mr. Cyrus Guzder, Mr. Keki Mistry and Mr. T. N. Pandey are liable to retire by rotation and are eligible for re-election. Mr. T. N. Pandey has expressed his desire not to seek re-election.

Mr. Ravi K. Sheth and Mr. Berjis Desai were appointed as Additional Director at the Board Meeting held on January 30, 2006 and October 27, 2006 respectively. The Company has received notices in writing from members under section 257 of the Companies Act, 1956 proposing their candidature for the Office of Director of the Company.

Attention of the members is invited to the relevant item of the Notice of the Annual General Meeting seeking their approval for the aforesaid appointments. The information as required under Clause 49(IV)(G) of the Listing Agreement is annexed to the Notice of the Annual General Meeting.

Code of Conduct

During the year the Board adopted a Code of Conduct for the Board Members and Senior Management Personnel of the Company. All Personnel to whom the Code is applicable have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2006. A declaration to this effect, duly signed by the Deputy Chairman and Managing Director (CEO), is annexed hereto.

Board Meetings

The Board Meetings at Great Eastern 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. COMMITTEES

To focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. The inputs and details required for their decisions is provided by the executives/management. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.

A) AUDIT COMMITTEE

The management is primarily responsible for internal controls and 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 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 statements are 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 judgment 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 by 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 date the Audit Committee comprises of 4 Independent Directors. The Committee met 4 times on April 25, 2005, April 29, 2005, October 27, 2005 and January 30, 2006.

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

Mr. Cyrus Guzder has been appointed as a member of the Audit Committee w.e.f. April 20, 2006.

The 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.

B) 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

The Committee, which was constituted in the year 2000 comprises of 4 Independent Directors. The Committee met 4 times on April 25, 2005, April 29, 2005, September 15, 2005 and January 27, 2006.

Composition	Mr. Cyrus Guzder Chairman	Mr. R. N. Sethna	Mr. T. N. Pandey	Mr. Manu Shroff
Number of meetings attended	4	4	2	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 Wholetime 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.)	Benefits (Rs.)	Sitting Fees (Rs.)	Commission (Rs.)
Mr. K. M. Sheth	84,99,996	1,80,055	—	1,20,00,000
Mr. S. J. Mulji **	23,80,644	21,20,053	—	35,00,000
Mr. Bharat K. Sheth	79,99,992	3,74,513	—	2,40,00,000
Mr. Ravi K. Sheth **	8,60,231	—	—	18,00,000
Mr. Cyrus Guzder	—	—	75,000#	***12,50,000
Mr. Keki Mistry	—	—	60,000	***12,50,000
Mr. Vineet Nayyar	—	—	40,000	***12,50,000
Mr. T. N. Pandey	—	—	65,000	***12,50,000
Mr. R. N. Sethna	—	—	95,000#	***12,50,000
Ms. Asha V. Sheth	—	—	60,000	***12,50,000
Mr. Manu Shroff	—	—	1,05,000#	***12,50,000
Total	**1,97,40,863**	**26,74,621**	**5,00,000**	**5,00,50,000**

* Salary includes contribution to provident fund and superannuation fund.

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

*** The Commission to be paid to the Non Whole Time Directors is subject to the approval of the members.

Includes sitting fees for meeting of the Special Committee of Directors.

- Commission to the Executive Directors is paid as determined by the Remuneration Committee based on certain performance parameters and profitability of the Company and is within the overall limit fixed by the members.
- Commission to the Non Executive Directors is determined after taking into account the valuable guidance of the Directors for the various business initiatives and decisions at the Board level and also the profitability of the Company.
- Presently, the Company does not have a scheme for grant of stock options.
- 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.
- As per the terms of remuneration of the Wholetime Directors approved by the shareholders at the Annual General Meeting held on June 25, 2004 the Remuneration Committee has formulated a Retirement Benefit Scheme for the Wholetime Directors. The Scheme provides for provision of pension, medical reimbursements and other benefits to the retiring Wholetime Directors. Accordingly on the basis of an actuarial valuation an amount of Rs. 242.75 lakhs (previous year Rs. 1259 lakhs) has been provided during the year for pension payable to the Wholetime Directors on their retirement. The Board approved Scheme has been made effective from January 1, 2005.

C. SHAREHOLDER / INVESTORS GRIEVANCE COMMITTEE

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

Terms of reference

- ensure redressal of 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

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, 2005 and all the directors attended the same.
- Mr. Jayesh M. Trivedi, Company Secretary is the Compliance Officer of the Company.
- During the year under review, 90 complaints were received from investors which were replied / resolved to the satisfaction of the investors.
- 27 requests for transfer and 168 requests for dematerialisation were pending for approval as on March 31, 2006. These pending requests were duly approved and dealt with by the Company.

4. RISK MANAGEMENT

During the year the Company initiated a Risk Management (RM) programme for its business risks. Under the guidance of external experts the Company undertook risk assessment and identification exercise alongwith key managerial personnel of the Company. Under the said process the Company identified risks, put in place RM framework and structured risk assessment and control process. Your Directors believe that the Company has a sound risk assessment and minimisation procedure in place.

5. GENERAL MEETING

Location and time of previous three Annual General Meetings

Date & Year	Time	Location
June 24, 2005	3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020.
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.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by a requisite majority of members attending the meeting. The following are the special resolutions passed at the previous three Annual General Meetings and Extraordinary General Meetings held in the past 3 years.

AGM/EGM held on	Whether Special Resolution Passed	Summary
July 24, 2003	No	N.A.
June 25, 2004	Yes	- Payment of one time commission to Whole Time Directors. - Revision in the remuneration payable to Mr. K. M. Sheth, Executive Chairman.
June 24, 2005	Yes	Revision in the terms of appointment of Mr. Ravi K. Sheth.
November 16, 2005 (EGM)	Yes *	- Court convened meeting for approving the Scheme of Arrangement being demerger of the Offshore Services Division of the Company into Great Offshore Limited.
	Yes	- Reduction of issued, subscribed and paid up share capital of the Company upon the demerger.

* *This was passed by a dual majority comprising of more than three-fourth in value and majority in number of shareholders.*

None of the items to be transacted at the ensuing meeting are required to be passed by postal ballot.

6. 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.

c) The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest, that could result in a conflict with the interest of the Company, at large.

d) The Deputy Chairman and Managing Director (CEO) and the Chief Financial Officer (CFO) have issued a certificate to the Board in compliance with Clause 49 (V) of the Listing Agreement for the Financial Year ended March 31, 2006.

7. 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, Navshakti and DNA.
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 have been posted on the website. The Company held conference calls on declaration of its quarterly results, the transcripts of which have also been posted on the website. The shareholders and general public visiting the website have greatly appreciated the contents and user friendliness of the corporate website.

8. SHAREHOLDERS INFORMATION

Annual General Meeting

Date	December 18, 2006 *
Time	3.00 p.m.
Venue	Rama Watumal Auditorium, K.C. College, Churchgate, Mumbai - 400 020
Dividend Payment Date	The Company do not propose to pay any final dividend for the year 2005-2006.

* Permission to hold the 58th Annual General Meeting beyond September 23, 2006 was obtained from the Registrar of Companies, Mumbai.

Financial Calendar

1st Quarterly Result	last week of July, 2006
2nd Quarterly Result	last week of October, 2006
3rd Quarterly Result	last week of January, 2007
4th Quarterly Result	last week of April, 2007/first week of May 2007

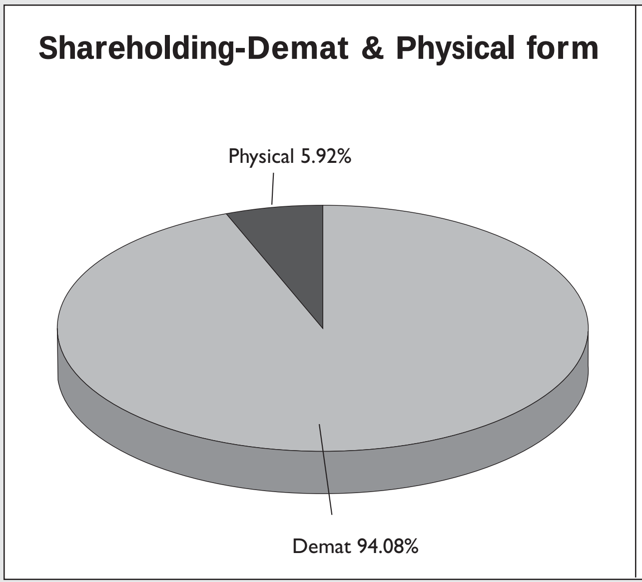
Listing on Stock Exchanges

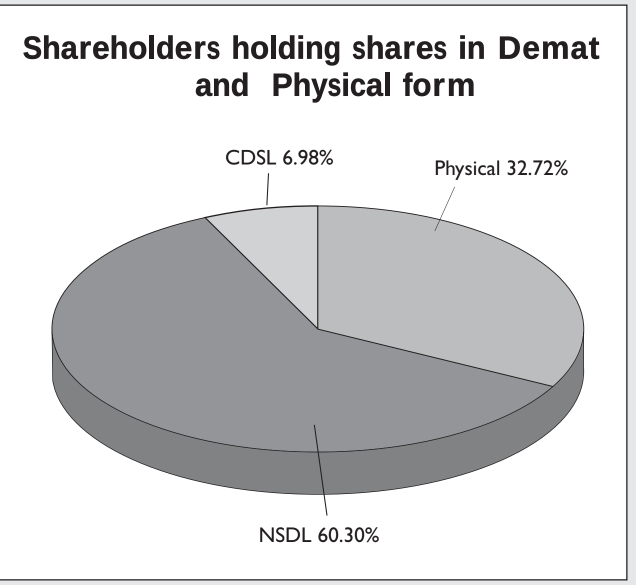
Stock Exchange	Stock Code	ISIN No.
Bombay Stock Exchange Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001	BSE 500620	INE 017A01024 (upto Nov. 15, 2006) **INE 017A01032** (post Nov. 15, 2006)
National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	NSE EQ GE SHIPPING	INE 017A01024 (upto Nov. 15, 2006) **INE 017A01032** (post Nov. 15, 2006)

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 transfer of shares. Request for dematerialisation (demat) received from the shareholders are effected within an average period of 15 days.

Dematerialisation of shares





Outstanding GDR's

70,716 GDR's are outstanding as on March 31, 2006.

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 : 022-66613000/2492 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 are required to be transferred to the Investor Education and Protection Fund administered by the Central Government. Table 1 gives the dates of dividend declaration or payment since 1999 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1999.

An amount of Rs. 13,31,393/- being unclaimed 44th (final) dividend was transferred during the year and Rs. 20,38,273/- being unclaimed 45th (final) dividend was transferred on September 8, 2006 to the Investor Education and Protection Fund established by the Central Government under Section 205C 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 the Company's Share Transfer Agents 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 TRANSFERING UNCLAIMED DIVIDEND TO THE CENTRAL GOVERNMENT				
Year	**Dividend No.**	**Type**	**Date of Declaration**	**Date of Transfer to Central Government**
2000	46 (I)	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 (I)	Interim	30.01.2004	01.03.2011
2004	50	Final	25.06.2004	25.07.2011
2005	51 (I)	1st Interim	29.10.2004	28.11.2011
2005	51 (I)	2nd Interim	27.01.2005	26.02.2012
2005	51	Final	24.06.2005	23.07.2012
2006	52 (I)	1st Interim	27.10.2005	25.11.2012
2006	52 (I)	2nd Interim	30.01.2006	28.02.2013
2006	52 (I)	3rd Interim	28.04.2006	27.05.2013

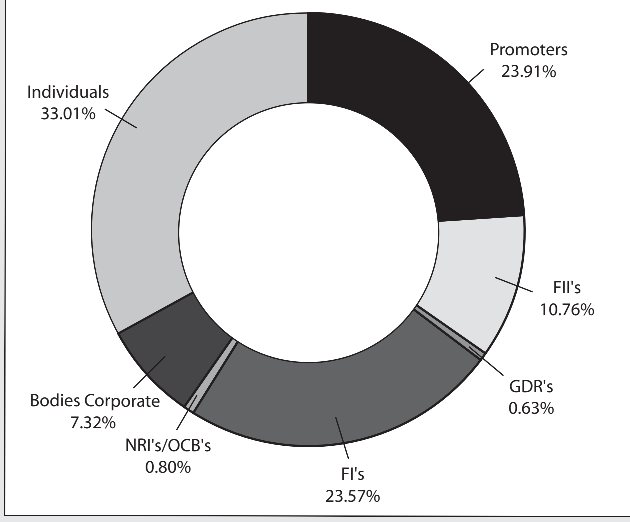
Table 2

		UNCLAIMED DIVIDEND AS OF MARCH 31, 2006						
Year	Div. No.	Type	No. of Warrants Issued	No. of Warrants Unclaimed	% Unclaimed (Rs. lakhs)	Amount of Dividend (Rs. lakhs)	Dividend Unclaimed	% Unclaimed
1999	45	Final	199211	9921	4.98	5751	22.83	0.39
2000	46 (I)	Interim	188606	7390	3.91	3883	17.61	0.45
2001	47	Final	160040	8170	5.10	5937	30.34	0.51
2002	48	Final	159175	8011	5.03	6981	39.03	0.56
2003	49	Final	145716	11190	7.68	7613	63.20	0.83
2004	50 (I)	Interim	128230	10322	8.04	4758	33.77	0.70
2004	50	Final	134202	9376	6.98	7613	47.98	0.63
2005	51 (I)	1st Interim	121451	10924	8.99	6662	50.18	0.75
2005	51 (I)	2nd Interim	121169	11167	9.21	4758	38.77	0.81
2005	51	Final	121845	10773	8.84	5710	44.27	0.77
2006	52 (I)	1st Interim	123110	12634	10.26	7613	70.01	0.91
2006	52 (I)	2nd Interim	118343	24955	21.08	4758	107.57	2.26

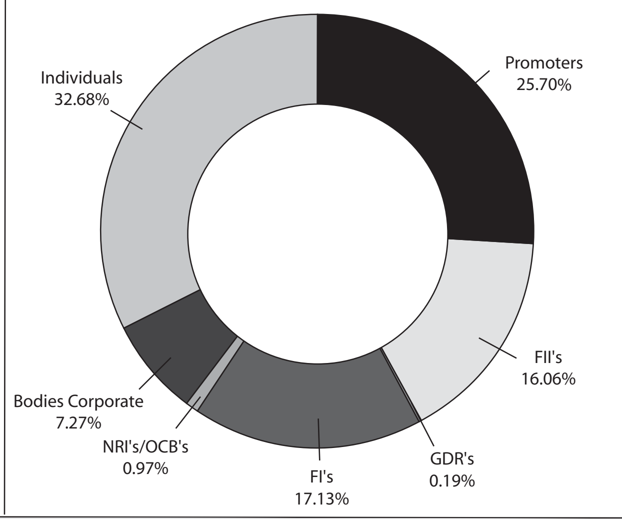
DISTRIBUTION OF HOLDINGS AS ON 31.03.2006

NO. OF SHARES HELD		SHARE HOLDERS		NO. OF SHARES	
		NUMBER	% TO TOTAL	SHARES	% TO TOTAL
0	500	96724	82.684	1,35,64,274	7.126
501	1000	9673	8.269	71,85,063	3.775
1001	2000	5010	4.283	73,08,319	3.840
2001	3000	1842	1.575	45,72,850	2.402
3001	4000	1012	0.865	35,54,895	1.868
4001	5000	612	0.523	28,32,751	1.488
5001	10000	1050	0.898	75,85,817	3.985
10001	AND ABOVE	1058	0.904	14,37,38,436	75.516
	TOTAL	**116981**	**100**	**19,03,42,405**	**100**

Shareholding Pattern as on March 31, 2005

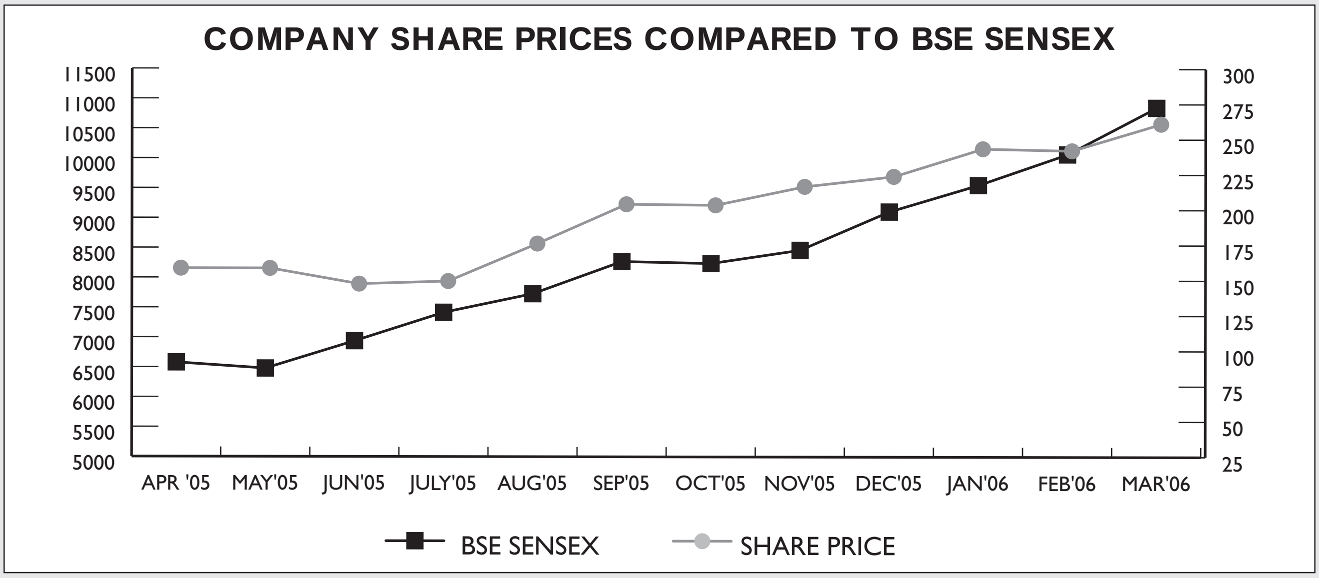


Shareholding Pattern as on March 31, 2006



MARKET PRICE DATA - HIGH / LOW DURING EACH MONTH IN THE YEAR 2005- 06

Month	Market Price (Rs.)		Volume
	Highest	Lowest	Shares
APRIL 2005	168.00	149.00	36,49,557
MAY 2005	166.80	150.10	27,84,074
JUNE 2005	164.00	130.80	87,18,005
JULY 2005	165.00	133.70	63,85,845
AUGUST 2005	198.50	153.50	1,37,23,308
SEPTEMBER 2005	220.90	187.00	1,43,12,519
OCTOBER 2005	217.00	189.60	68,34,598
NOVEMBER 2005	239.25	193.75	86,64,973
DECEMBER 2005	238.80	208.50	57,65,689
JANUARY 2006	256.00	230.70	75,33,157
FEBRUARY 2006	259.85	224.15	85,41,810
MARCH 2006	277.90	244.00	78,93,439



Status of compliance with Non mandatory requirement

Your Company continuously strives towards improving its Corporate Governance practices. Whilst your Company is fully compliant with the mandatory requirements of the Clause 49 of the listing agreement, the adoption of non mandatory requirements under Clause 49 of the Listing Agreement are reviewed by the Board from time to time. The status of the non mandatory requirements is as follows:

Office space for Non-Executive Chairman

The Company has an Executive Chairman and therefore the issue of providing office to non Executive Chairman does not arise.

The Company has no specific tenure specified for Independent Directors. The tenure of certain Independent Directors exceeds the period of 9 years.

Remuneration Committee

The Company has a Remuneration Committee, the details of which are mentioned elsewhere in this Annual Report.

Shareholder Rights to receive financial results

The financial results of the Company for every quarter are extensively published in the newspapers and are also put on the Company's website besides being available on the SEBI website www.sebiedifar.nic.in.

Audit qualifications

During the year under review there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

Training of Board Members

During the Audit and Board Meetings, the management and the working Directors give extensive briefings to the Board members on the business of the Company.

Mechanism for evaluating performance of non-executive Board Members

The performance evaluation of the non executive Board members is done by the Board annually based on the criteria of attendance at the Board/Committee meetings as also the contributions made at the said meetings.

Whistle Blower Policy

Over the past few years, the Company has instilled transparency and follows an open work culture.

It also provides a two way open communication system which aims to provide ample scope for employees to exchange their views and raise concerns protecting their integrity. This has reflected in maintaining a safe and congenial working environment.

The Company is confident and takes pride in its proactiveness which has resulted in building an enterprise comparable to global companies. As the spirit and purpose of the Whistle Blower Policy are met and respected, the Company has currently not formulated nor adopted any such policy.

DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE COMPANY'S CODE OF CONDUCT

In accordance with Clause 49 sub clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct laid down by the Company, as applicable to them for the Financial Year ended March 31, 2006.

For The Great Eastern Shipping Co. Ltd.

Bharat K. Sheth
Mumbai, October 27, 2006 — Deputy Chairman & Managing Director

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To the Members of,
The Great Eastern Shipping Co. Ltd.,
Mumbai.

Auditors' Report on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by The Great Eastern Shipping Co. Ltd. (the Company) for the year ended on March 31, 2006, 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

V. R. Mehta
Partner
M. No. 32083
Mumbai, October 27, 2006.

Versatility is the essence of our potential.

Fleet as on March 31, 2006

Category				Vessel Name	DWT (MT)	Year Built	Av. Age (yrs)
CRUDE OIL CARRIERS							
		VLCC					
			1	Ardeshir H Bhiwandiwalla	265,955	1992	
Total Tonnage(dwt)	1,809,126						
No. of Ships	14		**1**		**265,955**		**14.0**
Average Age (yrs)	10.2						
% of Total Tonnage	62%						
		Suezmax					
			1	Jag Lalit	158,344	2005	
			2	Jag Lok	158,280	2005	
			3	Jag Lakshya	152,485	1989	
			4	Jag Laadki	145,242	1992	
			4		**614,351**		**8.0**
		Aframax					
			1	Jag Lyall	110,531	2006	
			2	Jag Leher	107,592	1986	
			3	Jag Lata	105,716	2003	
			4	Jag Leela	105,148	1999	
			5	Jag Laxmi	105,051	1999	
			6	Jag Lavanya	105,010	2004	
			7	Jag Lamha	98,214	1987	
			8	Jag Labh	96,551	1988	
			9	Jag Leena	95,007	1985	
			9		**928,820**		**10.5**
PRODUCT CARRIERS							
		Panamax					
Total Tonnage(dwt)	682,536		1	Jag Anjali	66,203	1986	
No. of Ships	16		2	Jag Arpan	66,183	1986	
Average Age (yrs)	17						
% of Total Tonnage	23%		**2**		**132,386**		**20.0**
		Medium Range					
			1	Jag Pranam	50,600	1984	
			2	Jag Pavitra	50,600	1985	
			3	Jag Padma	47,803	1982	
			4	Jag Pahel	46,319	2004	
			5	Jag Pankhi	46,273	2003	
			6	Jag Pratap	45,693	1995	
			7	Jag Pradip	45,684	1996	
			8	Jag Prachi	44,124	1996	
			8		**377,096**		**13.1**
		General Purpose					
			1	Jag Prayog	29,990	1982	
			2	Jag Praja	29,990	1982	
			3	Jag Pari	29,139	1982	
			4	Jag Preeti	29,133	1981	
			5	Jag Pragati	27,402	1985	
			6	Jag Palak	27,400	1985	
			6		**173,054**		**23.2**

Fleet as on March 31, 2006

Category				Vessel Name	DWT (MT)	Year Built	Av. Age (yrs)
GAS CARRIERS							
		LPG Carriers					
			1	Jag Vayu	28,400	1978	
Total Tonnage(dwt)	45,977		2	Jag Viraj	17,577	1991	
No. of Ships	2						
Average Age (yrs)	23.0		**2**		**45,977**		**23.0**
% of Total Tonnage	2%						
DRY BULK CARRIERS							
		Panamax					
			1	Jag Arnav	71,122	1995	
Total Tonnage(dwt)	378,820		**1**		**71,122**		**11.0**
No. of Ships	9						
Average Age (yrs)	15.1						
% of Total Tonnage	**13%**						
		Handymax					
			1	Jag Rahul	52,364	2003	
			2	Jag Reena	45,659	2000	
			3	Jag Ravi	45,342	1997	
			4	Jag Rani	41,545	1984	
			5	Jag Rishi	41,093	1984	
			5		**226,003**		**11.8**
		Handysize					
			1	Jag Vikram	27,463	1980	
			2	Jag Vidya	27,451	1977	
			3	Jag Vikas	26,781	1977	
			3		**81,695**		**28.0**

FLEET TOTAL

Total Tonnage(dwt)	**2,916,459**
Total Number of Ships	**41**
Average Age (yrs)	**12.6**

Acquisitions and Sales during FY 2005-06

ACQUISITIONS

Category	Type	Vessel Name	DWT (MT)	Year Built	Month of Addition
New Built Deliveries					
Crude Oil Carriers					
	Suezmax Ice Class	Jag Lalit	158,344	2005	May-05
Second Hand Additions					
Crude Oil Carriers					
	Aframax	Jag Lyall	110,531	2006	Mar-06
Dry Bulk Carriers					
	Handymax	Jag Rahul	52,364	2003	Jun-05
	Handymax	Jag Reena	45,659	2000	Jun-05
	Handymax	Jag Ravi	45,342	1997	May-05

SALES

Category	Type	Vessel Name	DWT (MT)	Year Built	Month of Sale
Crude Oil Carriers					
	VLCC	Vasant J Sheth	261,167	1990	Jun-05
	Aframax	Jag Laila	96,967	1987	Jul-05
Product Carriers					
	Medium Range	Jag Prakash	46,346	2003	Nov-05
Dry Bulk Carriers					
	Handysize	Jag Rupali	37,092	1983	Nov-05
	Handysize	Jag Radha	35,676	1983	Nov-05
	Handysize	Jag Ratna	35,662	1977	Oct-05

Vessels on Order as on October 27, 2006

Category	Type	Shipyard	DWT (MT)	Month of Contracting	Expected Delivery
New Building Order Book Position					
Product Carriers					
	Long Range One	STX Shipbuilding Co. Ltd.	74,500	Mar-06	Jun-09
	Long Range One	STX Shipbuilding Co. Ltd.	74,500	Mar-06	Jun-09
	Medium Range	STX Shipbuilding Co. Ltd.	47,400	Mar-04	Apr-07
	Medium Range	STX Shipbuilding Co. Ltd.	47,400	Mar-04	May-07
	Medium Range	STX Shipbuilding Co. Ltd.	47,400	Apr-04	Sep-07
	Medium Range Ice Class	Hyundai Mipo Dockyard Ltd.	37,000	Oct-04	Jan-07
	Medium Range Ice Class	Hyundai Mipo Dockyard Ltd.	37,000	Oct-04	Mar-07
	Long Range One	STX Shipbuilding Co. Ltd.	74,500	Mar-06	Oct-08
	Long Range One	STX Shipbuilding Co. Ltd.	74,500	Mar-06	Nov-08
Second Hand Acquisitions					
Crude Oil Carrier					
	Suezmax	Samsung	147,834	Aug-06	Q3 FY07
Dry Bulk Carrier					
	Capesize	CSBC	164,796	Sep-06	Q4 FY07

Transactions between April 1, 2006 to October 27, 2006

ACQUISITIONS
Nil

SALE

Category	Type	Vessel Name	DWT (MT)	Year Built
Product Carrier				
	Medium Range	Jag Prachi	44,124	1996
Crude Oil Carrier				
	Aframax	Jag Leena	95,007	1985

Subsidiary Fleet as on October 27, 2006
Greatship (India) Ltd.

Category			Vessel Name	DWT (MT)	Year Built	Av. Age (yrs)
OFFSHORE SUPPORT VESSEL						
		Platform Supply Vessel				
Number	1					
Average Age (yrs)	7.0					
		1	m.v. Greatship Disha	3,115	1999	
		1		**3,115**		**7.0**

FLEET TOTAL

Number	**1**
Total Tonnage(dwt)	**3,115**
Average Age (yrs)	**7.0**

Subsidiary Order Book as on October 27, 2006

Category	Type	Shipyard	Month of Contracting	Expected Delivery
New Building Order Book Position				
Offshore Support Vessels				
	Platform Supply Vessel	Aker Yard ASA, Norway	Apr-06	Q2 FY09
	Platform Supply Vessel	Aker Yard ASA, Norway	Apr-06	Q3 FY09
	Anchor Handling Tug cum Supply Vessel	Colombo Dockyard Ltd., Srilanka	Aug-06	Q3 FY08
	Anchor Handling Tug cum Supply Vessel	Colombo Dockyard Ltd., Srilanka	Aug-06	Q4 FY08
	Anchor Handling Tug cum Supply Vessel	Labroy Shipbuilding & Engineering Pte. Ltd., Singapore	Sep-06	H1 CY09
	Anchor Handling Tug cum Supply Vessel	Labroy Shipbuilding & Engineering Pte. Ltd., Singapore	Sep-06	H1 CY09
	Anchor Handling Tug cum Supply Vessel	Labroy Shipbuilding & Engineering Pte. Ltd., Singapore	Sep-06	H1 CY09
	Anchor Handling Tug cum Supply Vessel	Labroy Shipbuilding & Engineering Pte. Ltd., Singapore	Sep-06	H1 CY09
Exploration Rig				
	Jack Up Rig	Keppel Fels Ltd	Jun-06	Q4 CY09

Second Hand Acquisition

Category	Type	Shipyard	Month of Contracting	Expected Delivery
Offshore Support Vessels				
	Platform Supply Vessel	Aker Yard ASA, Norway	May-06	H2 FY07
	Platform Supply Vessel	Brevik, Norway	Sep-06	Q2 FY08

Financials

Ability takes one to the top,
it takes integrity and stability
to stay there.

Year at a Glance

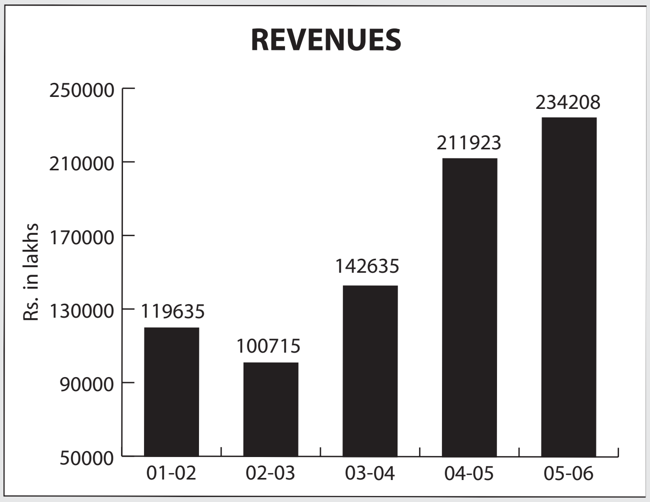
	March 31,2006		March 31,2005	
	Rs (in lakhs)	**US$ (in millions)**	Rs (in lakhs)	US$ (in millions)
	(except for Earnings & Cash earnings per share)			
For the year				
Total Revenue	**234208**	**529**	211923	472
Operating Profit (PBIDT)	**134307**	**304**	115905	258
Profit after tax (PAT)	**84350**	**191**	81656	182
PBIDT as a percentage of total revenue	**57.35**	**57.35**	54.69	54.69
Earnings per share (Rs./US$)	**55.07**	**1.24**	42.34	0.94
Cash earnings per share (Rs./US$)	**79.39**	**1.79**	57.32	1.28
Dividend amount (Including tax on dividend)	**19485**	**44**	19711	44
Capital Investment	**94601**	**214**	99737	222
At the end of the year				
Total assets	**460110**	**1031**	463480	1059
Fixed assets	**286505**	**642**	320133	732
Total debt	**186915**	**419**	207975	475
Net worth	**238619**	**535**	218712	500
Equity Capital	**15227**	**34**	19034	44

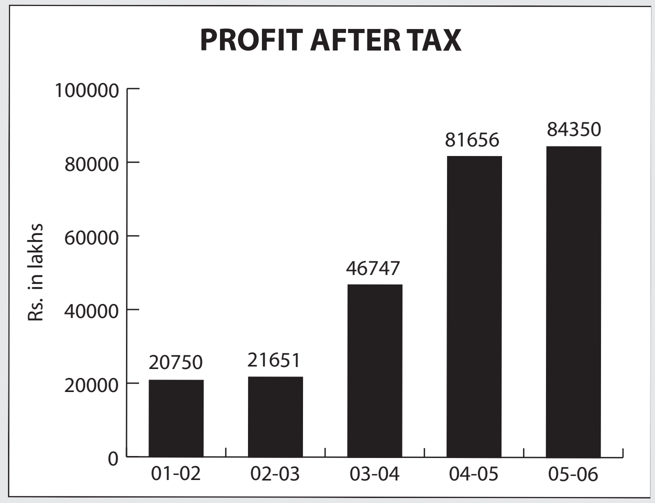
Figures in US$ are arrived at by converting Rupee figures at the average conversion rate for all for the year items and at closing rate for all year end items, as given below, to facilitate comparision

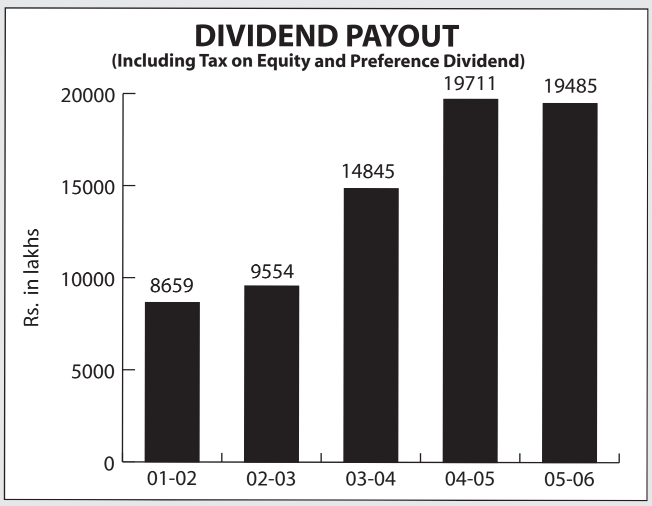
	Rs./US$	
Exchange Rate	**2005-06**	2004-05
- Average	**44.24**	44.92
- Closing	**44.62**	43.75

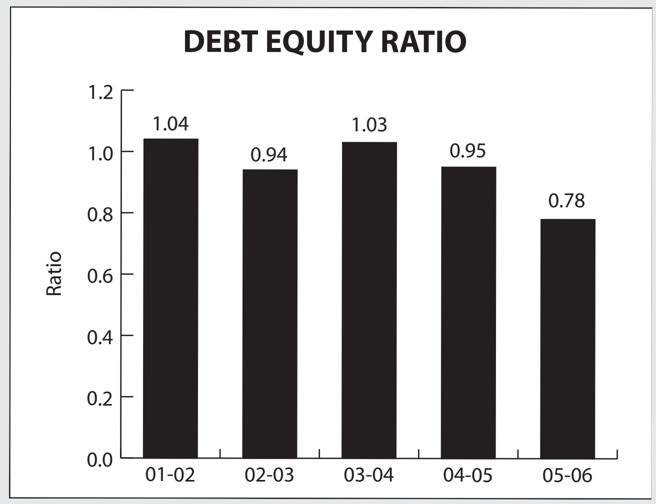
Note : Figures relating to March 31, 2006 pertain to the remaining business of the Company i.e. Shipping business post de-merger of Offshore services business w.e.f. April 1, 2005. In view of this previous year's figures are not comparable.

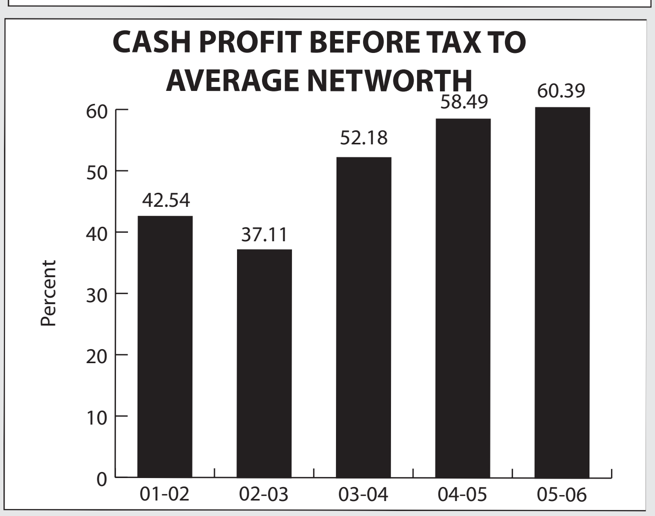
Financial Highlights

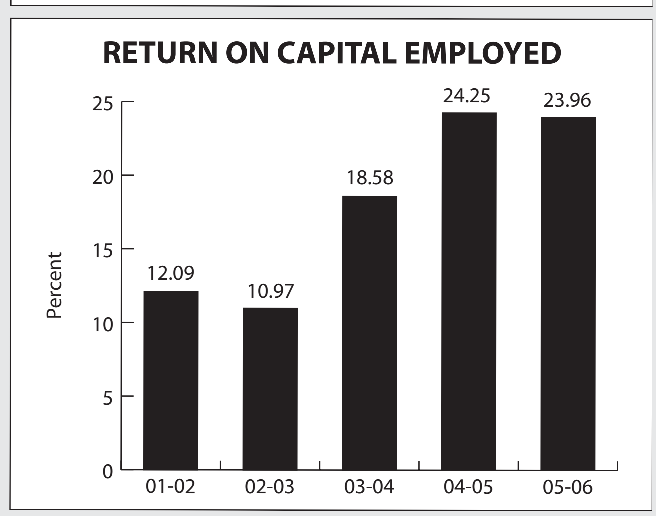












Note : Figures relating to the year 2005-06 pertain to the remaining business of the Company i.e. Shipping business post de-merger of Offshore services business w.e.f. April 1, 2005. In view of this earlier years figures are not comparable.

10 Years at a Glance

(Rs. in lakhs)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
PROFIT & LOSS A/C										
Revenues :										
Income from operations	78122	88102	92896	91464	108068	117243	95547	135194	204920	193477
Profit on sale of ships	956	1693	54	4795	3598	58	1598	860	2475	33136
Other income	8729	6615	5090	3187	3836	2234	3570	6581	4528	7595
	87807	96410	98040	99446	115502	119535	100715	142635	211923	234208
Expenditure :										
Operating expenses	48546	49508	53951	57242	60808	60798	48438	61318	84395	92047
Other indirect expenses	3962	4844	5894	5361	7297	8259	7004	7317	11623	7854
Operating profit (PBIDT)	**35299**	**42058**	**38195**	**36843**	**47397**	**50478**	**45273**	**74000**	**115905**	**134307**
Interest & finance charges	6906	6504	5782	6081	7174	5027	3900	4695	8287	9694
PBDT	**28393**	**35554**	**32413**	**30762**	**40223**	**45451**	**41373**	**69305**	**107618**	**124613**
Depreciation	12251	15581	16470	18117	20082	20173	16798	20121	28500	28281
Impairment loss on certain assets	–	–	–	–	–	–	–	–	–	8755
Provisions & Capitalisations	–	850	500	–	–	–	–	–	–	–
PBT	**16142**	**19123**	**15443**	**12645**	**20141**	**25278**	**24575**	**49184**	**79118**	**87577**
Tax :										
– Current	2500	2700	2800	1600	2400	2600	850	2700	2200	2600
– Deferred	–	–	–	–	–	1928	2074	(263)	(4,738)	406
– Fringe benefit	–	–	–	–	–	–	–	–	–	221
PAT	**13642**	**16423**	**12643**	**11045**	**17741**	**20750**	**21651**	**46747**	**81656**	**84350**
BALANCE SHEET										
What the Company owned										
Net Block	132254	134190	165911	168043	152352	168076	167258	232852	287418	275531
Ships under construction	7522	10643	5163	–	9192	12950	15002	22343	32715	10974
Investments & net current assets	58691	55213	41572	43193	37644	46065	56430	59938	106148	139029
Deferred Taxation (Net)	–	–	–	–	–	–	–	–	406	–
TOTAL	198467	200046	212646	211236	199188	227091	238690	315133	426687	425534
What the Company owed										
Secured loans	64536	62161	73405	80488	69347	79485	88553	145900	207975	186915
Unsecured loans	19037	21014	20067	20047	13292	13908	13533	–	–	–
Deferred Taxation (Net)	–	–	–	–	–	10072	12739	12476	–	–
TOTAL	83573	83175	93472	100535	82639	103465	114825	158376	207975	186915
Shareholders' Funds										
Equity Share Capital	28756	28756	28760	25884	21778	20256	19033	19033	19034	15227
Preference Share Capital	–	–	–	–	9500	17000	7500	7500	–	–
Reserves & surplus	87104	91141	92334	86927	87320	88031	98425	130693	199870	223392
Misc. Expd. (to the extent not w/off)	(966)	(3026)	(1920)	(2110)	(2049)	(1661)	(1093)	(469)	(192)	–
TOTAL	114894	116871	119174	110701	116549	123626	123865	156757	218712	238619
Debt-Equity ratio (times)	0.73	0.71	0.78	0.91	0.86	1.04	0.94	1.03	0.95	0.78
Earnings per share (in Rs.)	4.74	5.71	4.40	4.30	8.00	8.80	11.40	24.30	42.34	55.07
Dividend per share (in Rs.)	3.00	4.00	2.00	1.50	2.75	4.00	4.00	6.50	9.00	*11.22

Note : Figures relating to the year 2005-06 pertain to the remaining business of the Company i.e. Shipping business post de-merger of Offshore services business w.e.f. April 1, 2005. In view of this earlier years figures are not comparable.

*** During the year, 3 interim dividends aggregating to Rs. 10 per share were paid on original capital before de-merger. Dividend of Rs. 11.22 per share was arrived at on reduced capital post de-merger.**

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, 2006 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) Without qualifying our opinion, we draw attention to:

      i) Note 11 (a) of Schedule 21 of the accounts regarding the curtailment of the useful life of single hull crude oil tankers to March 2010 resulting in higher depreciation for the year by Rs. 1978 lakhs and resultant lower profit to that extent.

      ii) Note 11 (c) of Schedule 21 of the accounts regarding the appointment of and remuneration payable to the Executive Director amounting to Rs. 142 lakhs being subject to the approval of the shareholders.

   f) 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, 2006;

      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, 2006, 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, 2006, 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
Place : Mumbai
Date: October 27, 2006

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, 2006:

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, the fixed assets disposed off during the year were not substantial and do not affect the going concern assumption.

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

   (b) In our opinion, the procedures followed by the management for physical verification of inventory 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 procedure 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. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.

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 and exceeding the value of Rs. 5 lakh in respect of any party during the year 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 of the Act and the rules framed thereunder.

7. In our opinion, 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 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, Custom 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	Import duty	31	2000-01	High Court, Mumbai
The Tamilnadu General Sales Tax Act 1959	Lease tax	1740	1995-96 to 1997-98	The Sales Tax Appellate Tribunal.
The Central Sales Tax Act , 1956	Sales Tax	4 5	1997-98 & 1998-99 1999-00 & 2000-01	The Sales Tax Appellate Tribunal. The Sales Tax Officer
The Central Sales Tax Act , 1956 & Bombay Sales tax Act, 1959		691	1995-96 to 1998-99 & 2000-01	The Sales tax Tribunal
Maharashtra Land Revenue Code, 1966	Transfer charges for office permises under the scheme of demerger Transfer Charges for office Premises	124 310	2002-03 2003-04	The High Court at Bombay Estate Department Joint Municipal Commissioner
Major Ports Trust Act, 1963	Demand for Pilotage and Berth Charges on gross tonnage	137	2001-02 to 2002-03	Karnataka High Court at Bangalore

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, the Company has not granted any loans 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 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 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 explanation 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
Place : Mumbai

Date: October 27, 2006

Balance Sheet as at March 31, 2006.

(Rs. in lakhs)

	Schedule		Current Year	Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	15227		19034
Reserves and Surplus	2	223392		199870
			238619	218904
Loan Funds :				
Secured Loans	3		186915	207975
TOTAL			425534	426879
APPLICATION OF FUNDS :				
Fixed Assets :	4			
Gross Block		434323		449924
Less : Depreciation (including impairment)		158792		162506
Net Block		275531		287418
Ships under Construction/Capital work-in-progress		10974		32715
			286505	320133
Investments	5		18579	5753
Deferred tax assets			–	406
Current Assets, Loans and Advances :				
Inventories	6	3345		3089
Sundry Debtors	7	6846		16536
Cash and Bank balances	8	135156		103645
Other Current assets	9	2206		1249
Loans and Advances	10	7473		12477
		155026		136996
Less : Current Liabilities and Provisions :				
Current Liabilities	11	31939		26739
Provisions	12	2156		8034
Incomplete Voyages (net)		481		1828
		34576		36601
Net Current Assets			120450	100395
Miscellaneous Expenditure (to the extent not written off or adjusted)	13		–	192
TOTAL			425534	426879
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

Jayesh M. Trivedi
Company Secretary

Mumbai, October 27, 2006.

For and on behalf of the Board

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

Mumbai, October 27, 2006.

Profit and Loss Account for the year ended March 31, 2006.

(Rs. in lakhs)

	Schedule		Current Year	Previous Year
INCOME :				
Income from Operations	14		226613	207395
Other Income	15		7595	4528
			234208	211923
EXPENDITURE :				
Operating Expenses	16	92047		84395
Administration & Other Expenses	17	7854		11623
Interest & Finance charges	18	9694		8287
Depreciation		28281		28500
Impairment loss on certain assets		8755		–
			146631	132805
Profit before tax			87577	79118
Profit from continuing operations before tax		87577		67012
Income Tax – Current tax		2600		323
– Deferred tax		406		–
– Fringe Benifit tax		221		–
– Deferred Tax Liability written back - an exceptional item		–		(3025)
Profit from continuing operations after tax			84350	69714
Profit from discontinuing operations before tax		–		12106
Income Tax – Current tax		–		1877
– Deferred Tax Liability written back – an exceptional item		–		(1713)
Profit from discontinuing operations after tax			–	11942
Profit for the year after tax			84350	81656
Less: Prior period adjustments	19		490	777
			83860	80879
Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income–tax Act,1961			14500	15000
			69360	65879
Add : Transfer from –				
– Reserve under section 33AC of the Income–tax Act, 1961			–	14500
– Debenture Redemption Reserve			1900	1900
			71260	82279
Add : Surplus brought forward from previous year		34456		
Less: Transferred to Great Offshore Ltd on de-merger		6900		
			27556	9388
Amount available for appropriation			98816	91667
Appropriations:				
– Transfer to Capital Redemption Reserve		–		7500
– Transfer to General Reserve		20000		30000
– Interim Dividend on Preference Shares		–		253
– Interim Dividend on Equity Shares		17088		11421
– Proposed Dividend on Equity Shares		–		5710
– Tax on Dividends		2397		2327
			39485	57211
Balance Carried Forward			59331	34456
Basic and diluted earnings per share (in Rs.)			55.07	42.34
Significant Accounting Policies	20			
Notes on Accounts	21			

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

As per our Report attached hereto
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

Mumbai, October 27, 2006.

For and on behalf of the Board

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

Mumbai, October 27, 2006.

Schedule Annexed to and forming part of the Balance Sheet as at March 31, 2006

(Rs. in lakhs)

		Current Year	Previous Year
SCHEDULE "1" :			
SHARE CAPITAL :			
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 :			
15,26,98,445	(Previous Year 19,08,73,056) Equity Shares of Rs.10 each	**15270**	19087
SUBSCRIBED :			
15,22,76,442	(Previous Year 19,03,43,123) Equity Shares of Rs.10 each	**15227**	19034
PAID-UP :			
15,22,73,924	(Previous Year 19,03,39,975) Equity Shares of Rs.10 each fully paid up	**15227**	19034

Notes:

1. Out of above, 74,39,858 (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. 32,639 (Previous year Rs. 40,799).

(Rs. in lakhs)

		Current Year	Previous Year
SCHEDULE "2" :			
RESERVES AND SURPLUS :			
(a) CAPITAL REDEMPTION RESERVE :			
As per last Balance Sheet	23854		16354
Add: Transfer from Profit and Loss Account	–		7500
		23854	23854
(b) RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT,1961 :			
As per last Balance Sheet	24000		38500
Less: Transfer to Profit & Loss Account	–		14500
		24000	24000
(c) TONNAGE TAX RESERVE ACCOUNT UNDER SECTION 115VT OF THE INCOME-TAX ACT,1961 :			
As per last Balance Sheet	15000		–
Add: Transfer from Profit and Loss Account	14500		15000
		29500	15000
(d) DEBENTURE REDEMPTION RESERVE :			
As per last Balance Sheet	6150		8050
Less: Transfer to Profit & Loss Account	1900		1900
		4250	6150
(e) EXCHANGE FLUCTUATION RESERVE :			
As per last Balance Sheet		2500	2500
(f) SHARE PREMIUM ACCOUNT :			
As per last Balance Sheet	15801		15801
Less: Transferred to Great Offshore Limited on de-merger	3200		–
		12601	15801
(g) GENERAL RESERVE :			
As per last Balance Sheet	78109		40100
Less: Accumulated impairment loss as on April 01, 2004.	–		135
Less: Transferred to Great Offshore Limited on de-merger	30753		–
	47356		39965
Add: Deferred tax liability written back	–		8144
Add: Transfer from Profit and Loss Account	20000		30000
		67356	78109
(h) PROFIT AND LOSS ACCOUNT		59331	34456
		223392	199870

(Rs. in lakhs)

	Current Year	Previous Year
SCHEDULE "3" :		
SECURED LOANS :		
(a) TERM LOANS -		
– From Banks	**167255**	179275
Secured by mortgage of specific ships, assignment of bank deposit and a financial covenent to maintain unencumbered assets (refer note 4).		
(b) NON CONVERTIBLE DEBENTURES* –		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -		
– 11.75% (part G) redeemable on August 31, 2006. **	**–**	600
– 11.75% (part G) redeemable in October, 2006. **	**–**	600
– 11.75% (series 7) redeemable on November 29, 2006. **	**–**	2000
– 12.10% (part G) redeemable on November 17, 2006. **	**–**	400
– 10.65% (series III) redeemed on February 14, 2006.	**–**	1500
– 8.95% redeemable on July 07, 2007.**	**7127**	9000
– 6.05% redeemable on September 19, 2010.**	**8733**	9500
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each -		
– 10.25% (series 5 - 7) redeemable in three annual instalments from May 25, 2006 to May 25, 2008.	**3800**	5100
* Secured by mortgage of specified immovable properties and ships.		
** Debentures aggregating Rs.6241 lakhs are transferred to Great Offshore Ltd. on de-merger.		
	186915	207975

SCHEDULE “4” :
FIXED ASSETS : **(Rs. in lakhs)**

	COST					DEPRECIATION					IMPAIRMENT			NET BLOCK
Particulars	As At April 1, 2005	Assets transferred on De-merger	Additions for the year	Deductions for the year [Note 5(b)]	As at March 31, 2006	Upto March 31, 2005	Depreciation transferred on De-merger	Adjustments in respect of assets sold/ discarded	For the year	Upto March 31, 2006	As at April 2005	For the year	Upto March 31 2006 [Note 5(d)]	As at March 31, 2006
Fleet	**431656**	**65210**	**96817**	**41939**	**421324**	**153027**	**23447**	**11193**	**27724**	**146111**	**–**	**8755**	**8755**	**266458**
	352689	*–*	*87839*	*8872*	*431656*	*128135*	*–*	*2822*	*27714*	*153027*	*–*	*–*	*–*	*278629*
Plant & Machinery :														
– Rigs and Barges	**4418**	**4418**	**–**	**–**	**–**	**4417**	**4417**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	4418	*–*	*–*	*–*	*4418*	*4344*	*–*	*–*	*73*	*4417*	*–*	*–*	*–*	*1*
– Others	**878**	**–**	**850**	**501**	**1227**	**278**	**–**	**43**	**112**	**347**	**–**	**–**	**–**	**880**
	320	*–*	*581*	*23*	*878*	*229*	*–*	*23*	*72*	*278*	*–*	*–*	*–*	*600*
Land (Freehold & Perpetual Lease)	**4815**	**–**	**119**	**–**	**4934**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4934**
	4371	*–*	*444*	*–*	*4815*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*4815*
Land (Leasehold)	**5**	**–**	**–**	**–**	**5**	**1**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**4**
	5	*–*	*–*	*–*	*5*	*1*	*–*	*–*	*–*	*1*	*–*	*–*	*–*	*4*
Ownership Flats and Office Premises *	**4449**	**1669**	**1010**	**92**	**3698**	**1536**	**771**	**36**	**141**	**870**	**135**	**–**	**135**	**2693**
	4620	*–*	*1*	*172*	*4449*	*1470*	*–*	*80*	*146*	*1536*	*–*	*135*	*135*	*2778*
Furniture, Fixtures and Office Equipment	**2852**	**615**	**344**	**74**	**2507**	**2538**	**511**	**72**	**193**	**2148**	**–**	**–**	**–**	**359**
	2667	*–*	*262*	*77*	*2852*	*2363*	*–*	*72*	*247*	*2538*	*–*	*–*	*–*	*314*
Vehicles	**851**	**233**	**128**	**118**	**628**	**574**	**162**	**98**	**111**	**425**	**–**	**–**	**–**	**203**
	801	*–*	*238*	*188*	*851*	*497*	*–*	*171*	*248*	*574*	*–*	*–*	*–*	*277*
S U B - T O T A L	**449924**	**72145**	**99268**	**42724**	**434323**	**162371**	**29308**	**11442**	**28281**	**149902**	**135**	**8755**	**8890**	**275531**
	369891	*–*	*89365*	*9332*	*449924*	*137039*	*–*	*3168*	*28500*	*162371*	*–*	*135*	*135*	*287418*
Ships under construction/Capital work-in-progress (net of Rs. 17074 lakhs transferred to Great Offshore Ltd. on de-merger)														**10974**
														32715
														286505
														320133

* The Ownership Flats & Office Premises include Rs. 13,030 (Previous Year Rs. 13,030) being value of shares held in various co-operative societies.
(Previous year figures are in italics)

SCHEDULE "5" :
INVESTMENTS :

	Face Value Rs.	Current Year No. of Units	Current Year Rs. in lakhs	Previous Year No. of Units	Previous Year Rs. in lakhs
(a) LONG TERM INVESTMENTS :					
(At cost - fully paid unless stated otherwise)					
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$1 each *		**–**	–	1,50,000	66
The Greatship (Singapore) Pte. Ltd. of S$ 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
Routes Travel Limited (formerly P & O Travels India Ltd.)	10	**22,27,350**	**141**	22,27,350	141
The Great Eastern Chartering L.L.C. -FZC of AED 100 each		**1,500**	**19**	1,500	19
Joint Venture:					
United Helicharterers Pvt.Ltd.*	10	**–**	–	5,20,000	57
Associates :					
Business Standard Ltd.	10	**1,67,85,787**	**2402**	1,67,85,787	2402
United Shippers Ltd.	10	**4,50,000**	**2707**	–	–
United Shippers Ltd. - Rs. 5 paid up. (acquired during the year)	10	**9,72,973**	**2160**	–	–
			7575		2836
Less: Provision for dimunition in value of long term investments			**800**		800
			6775		2036
(b) CURRENT INVESTMENTS :					
(At lower of cost and fair value - fully paid)					
Mutual Funds: Unquoted					
Redeemed 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	1000	**–**	**–**	70,370	704
Subscribed during the year:					
Birla FTP - Quarterly - Series 2 - Dividend - Payout	10	**1,50,00,000**	**1500**	–	–
Deutsche Fixed Term Fund - Series 8 - Dividend Option	10	**1,00,00,000**	**1000**	–	–
HSBC Fixed Term Series - 7 - Dividend	10	**1,50,88,530**	**1509**	–	–
ING Vysya Liquid Fund Institutional - Daily Dividend Option	10	**1,78,63,999**	**1788**	–	–
JM Equity & Derivative Fund - Dividend Option	10	**96,94,807**	**1000**	–	–
Kotak FMP Series XVI - Dividend	10	**1,00,92,581**	**1009**	–	–
Kotak FMP Series 20 - Dividend	10	**1,00,31,691**	**1003**	–	–
Reliance Fixed Tenor Fund - Plan A - Growth Plan	10	**2,99,92,990**	**2995**	–	–
			11804		3717
			18579		5753

* Investments transferred to Great Offshore Ltd. on de-merger.

(Rs. in lakhs)

		Curent Year	Previous Year
SCHEDULE “6” :			
INVENTORIES :			
(a) Fuel oil		**3345**	2168
(b) Properties for sale		**–**	20
(c) Property development work-in-progress		**–**	901
		3345	3089
SCHEDULE “7” :			
SUNDRY DEBTORS :			
(Unsecured)			
(a) Debts outstanding over six months :			
– Considered good	**412**		927
– Considered doubtful	**726**		253
		1138	1180
(b) Other Debts :			
– Considered good (includes amount due from a subsidiary Rs.”Nil”, Previous year Rs. 241 lakhs)	**6434**		15609
– Considered doubtful	**–**		69
		6434	15678
		7572	16858
Less : Provision for doubtful debts		**726**	322
		6846	16536
SCHEDULE “8” :			
CASH AND BANK BALANCES :			
(a) Cash on hand		**2**	7
(b) Cheques on hand		**–**	424
(c) Balances with scheduled banks :			
– On current account	**1115**		1123
– On deposit account	**127350**		78149
		128465	79272
(d) Balances with other banks :			
– On call deposits with ABN AMRO Bank, London (Maximum Balance Rs.29829 lakhs, Previous Year Rs.31508 lakhs)	**4779**		7357
– On term deposit account with ABN AMRO Bank, London (Maximum Balance Rs.6248 lakhs, Previous Year Rs.5388 lakhs)	**775**		5388
– On current account with ABN AMRO Bank, Singapore (Maximum Balance Rs.7 lakhs, Previous Year Rs.7 lakhs)	**–**		5
– On call deposits with Citi Bank, London (Maximum Balance Rs.11192 lakhs, Previous Year Rs.24092 lakhs)	**7**		11192
– On term deposits with Citi Bank, London (Maximum Balance Rs.1128 lakhs, Previous Year Rs.”Nil”)	**1128**		–
		6689	23942
		135156	103645

(Rs. in lakhs)

	Curent Year	Previous Year
SCHEDULE "9" :		
OTHER CURRENT ASSETS :		
(a) Interest accrued on investments and deposits	**1517**	686
(b) Accrued Income	**689**	563
	2206	1249

	Curent Year	Previous Year
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. 5 lakhs, Previous year Rs. 136 lakhs)	**4528**	10591
(b) Advance to Subsidiaries (refer note 6(b))	**1805**	763
(c) Agents' current accounts	**1094**	1118
(d) Balances with Customs, Port Trust etc.	**4**	5
(e) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation)	**42**	–
	7473	12477

	Curent Year	Previous Year
SCHEDULE "11" :		
CURRENT LIABILITIES :		
(a) Sundry Creditors		
– Dues to small scale industrial undertakings	**–**	–
– Dues to other creditors	**16590**	17156
(b) Due to a Subsidiary Company	**43**	3
(c) Advance Charter Hire received	**3127**	3662
(d) Liabilities towards Investor Education and Protection Fund, not due		
– Unpaid dividend	**552**	440
– Unpaid matured fixed deposits	**4**	5
(e) Other Liabilities	**1280**	1333
(f) Interest accrued but not due	**3180**	3333
(g) Managerial Remuneration payable	**501**	807
(h) Interim dividend payable	**6662**	–
	31939	26739

	Curent Year	Previous Year
SCHEDULE "12" :		
PROVISIONS :		
(a) Provision for taxation (Net of Advance tax and tax deducted at source)	**–**	37
(b) Proposed Dividend	**–**	5710
(c) Provision for tax on dividends	**934**	801
(d) Provision for Retirement benefits	**1222**	1486
	2156	8034

	Curent Year		Previous Year
SCHEDULE "13" :			
MISCELLANEOUS EXPENDITURE :			
(to the extent not written off or adjusted)			
(a) Share Issue Expenses :			
As per last Balance Sheet	**–**		9
Less : Amortised during the year	**–**		9
		–	–
(b) Deferred Revenue Expenditure :			
As per last Balance Sheet	**192**		460
Less : Transferred to Great Offshore Ltd on de-merger	**45**		–
	147		460
Less : Amortised during the year	**147**		268
		–	192
		–	192

Schedules Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2006.

(Rs. in lakhs)

		Curent Year	Previous Year
SCHEDULE "14" :			
INCOME FROM OPERATIONS :			
Freight and Demurrage		99788	81692
Charter Hire		90055	106797
Contract Revenue (Gross)		–	10938
(Income-tax deducted at source Rs."Nil", Previous Year Rs.131 lakhs)			
Profit on sale of Ships		33136	2475
Turnover :			
– Property Development	2972		4917
– Projects	–		265
		2972	5182
Miscellaneous Receipts		662	311
		226613	207395
SCHEDULE "15" :			
OTHER INCOME :			
Dividend :			
– from a subsidiary company	16		16
– from current investments	842		1091
		858	1107
Interest earned (Gross) :			
– on term deposits	5337		1744
– on call deposit	825		369
– others	97		108
(Income-tax deducted at source Rs.153 lakhs, Previous Year Rs.88 lakhs)		6259	2221
Profit on sale of current investments (net)		39	67
Gain on foreign currency transactions (net)		189	–
Profit on sale of sundry assets (net)		122	887
Miscellaneous Income		128	246
		7595	4528

			(Rs. in lakhs)
		Curent Year	Previous Year
SCHEDULE "16":			
OPERATING EXPENSES :			
(a) FLEET :			
Direct :			
Fuel Oil and Water	**17070**		11977
Port, Light and Canal Dues	**7483**		5204
Stevedoring, Despatch & Cargo Expenses	**209**		108
Hire of chartered ships	**18009**		10982
Brokerage & Commission	**2565**		1984
Agency Fees	**610**		532
Others :			
Wages, Bonus and Other Expenses on Floating Staff	**11560**		11721
Contribution to Provident & Other Funds	**195**		164
Stores	**4677**		4782
Repairs & Maintenance - Fleet (Including Deferred Revenue Expenditure written off Rs.91 lakhs, Previous Year Rs.107 lakhs)	**21337**		18852
Insurance & Protection Club Fees	**3915**		4394
Vessel Management Expenses	**587**		3105
Sundry Steamer Expenses	**769**		955
		88986	74760
(b) COST OF SALES - PROPERTY DEVELOPMENT :			
Opening Stock -			
– Properties for sale	**20**		23
– Development work-in-progress	**901**		2951
	921		2974
Add : Expenses during the year-			
– Project Management Fees	**2121**		3249
– Other project expenses	**19**		18
	2140		3267
Less : Closing Stock -			
– Properties for sale	**–**		20
– Development work-in-progress	**–**		901
	–		921
		3061	5320
(c) OIL & GAS DIVISION :			
Manpower	**–**		351
Salary & Allowances	**–**		1130
Contribution to Provident & Other Funds	**–**		30
Insurance	**–**		665
Repairs & Maintenance	**–**		1322
Fuel, Water & Supplies	**–**		545
Brokerage & Commission	**–**		68
Others	**–**		204
		–	4315
		92047	84395

(Rs. in lakhs)

		Curent Year	Previous Year
SCHEDULE "17" :			
ADMINISTRATION & OTHER EXPENSES :			
Staff Expenses-			
– Salaries, Allowances & Bonus	3453		6364
– Staff Welfare Expenses	71		72
– Contribution to Provident & Other Funds	237		372
		3761	6808
Rent		12	22
Insurance		57	73
Repairs and Maintenance -			
– Buildings	27		66
– Others	71		187
		98	253
Property Taxes		9	15
Miscellaneous Expenses		2480	3539
Auditors' Remuneration (including service tax) :			
– Audit Fees	21		26
– In Other Capacity -			
Tax Audit	2		2
Taxation	9		12
Certification & other services	16		16
		48	56
Loss on foreign currency transactions (net)		–	683
Share issue expenses written off		–	9
De-merger expenses written off		715	–
Doubtful debts and advances written off		108	161
Provision for doubtful debts & advances (Net)		566	4
		7854	11623
SCHEDULE "18":			
INTEREST & FINANCE CHARGES :			
Interest on Fixed Loans		9272	7826
Other Interest		1	52
Finance charges		693	1145
		9966	9023
Less : Pre-delivery interest capitalised		272	736
		9694	8287
SCHEDULE "19":			
PRIOR PERIOD ADJUSTMENTS :			
Expenses of prior years		37	870
Income tax for prior years		674	5
		711	875
Less : Excess provisions written back		221	98
		221	98
		490	777

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) Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

(c) 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.

(d) 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.

(e) 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

(f) Incomplete voyages :

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

(g) Borrowing Costs :

Borrowing costs that are directly attributable to the acquisition / construction of the underlying fixed assets are capitalised as a part of the respective asset, upto the date of acquisition / completion of construction.

(h) Miscellaneous Expenditure :

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

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

(ii) Deferred revenue expenditure :

– Hold Blasting and painting expenditure	... 5 years
– Compensation payable under voluntary retirement scheme	... 5 years

(i) Revenue 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.

(j) Operating expenses :

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

(ii) Stores and spares delivered on board the ships 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.

(k) 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 liability in respect of defined benefit schemes like gratuity, leave encashment and pensions is provided in the accounts on the basis of actuarial valuations as at the year end.

(l) Depreciation :

(i) Depreciation is provided so as to write off 95% of the original cost of the asset over the estimated useful life or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher on the following basis :

		Estimated Useful life/ depreciation rate
Fleet		
-Single Hull Tankers	Straight line over balance useful life or 5%, whichever is higher	20 to 23 years*
-Double Hull Tankers		20 to 25 years
-Dry Bulk Carriers		23 to 25 years
-Gas Carriers		27 to 30 years
Leasehold land	Straight line	Lease period
Ownership flats and office premises	Written down value	5%
Furniture & Fixtures, Office Equipment, etc	Straight line	5 years
Computers	Straight line	3 years
Vehicles	Straight line	4 years
Plant & Machinery	Straight line	10 years

* Subject to the life of single side single bottom vessels being restricted to March 31, 2010.

(ii) Depreciation on fleet 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.

(iii) 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.

(m) Asset Impairment :

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. Impairment loss, if any, is recognised in the year in which impairment takes place.

(n) 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 period end are translated at closing rates. Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange 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) Premium or discount on forward exchange contracts 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.

(iv) Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the period 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.

(o) 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.

(p) 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. The Board of Directors of the Company at its meeting held on September 15, 2005 had approved a Scheme of Arrangement for de-merger of the Offshore Services Business, which is a separate segment as per AS 17, Segment Reporting, into a separate company with effect from April 1, 2005. The said Scheme of arrangement was approved by the shareholders and the Honourable High Court at Mumbai on February 3, 2006. Pursuant thereto, the assets and liabilities pertaining to the Offshore Services Business have been transferred to and vested on de-merger in the resulting company, Great Offshore Limited, with effect from April 1, 2005. The Scheme has accordingly been given effect to in these accounts. The current year's figures are therefore not comparable with those of the previous year.

   As per the said scheme of de-merger, the Issued capital has been reduced by Rs. 3817 lakhs, the subscribed and paid-up capital the Company has been reduced by Rs. 3807 lakhs and the paid up value of each equity share of Rs. 10/- stands reduced by Rs. 2/- to Rs. 8/- each. Simultaneously, with the reduction of Share Capital, five such reduced equity shares of Rs. 8/- each have been consolidated into four equity share of Rs. 10/- each.

   The assets and liabilities of the de-merged undertaking transferred to Great Offshore Limited pursuant to de-merger are as under :

Assets	**Rs. in Lakhs**
Fixed Assets	59910
Investments	128
Net Current Assets	7247
Miscellaneous Expenditure to the extent not written off	46
	67331
Liabilities	
Share Capital	3807
Reserves and Surplus	40851
Loans	22673
	67331

   The revenues and expenses of the continuing and discontinuing operations are as under:

	Continuing Operations		**Discontinuing Operations**		**Total (Rs in lakhs)**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Income from Operations	**234208**	177124	**–**	34799	**234208**	211923
Operating expenses	**99901**	77108	**–**	18910	**99901**	96018
Interest	**9694**	7367	**–**	920	**9694**	8287
Depreciation	**28281**	25637	**–**	2863	**28281**	28500
Impairment loss on certain assets	**8755**	–	**–**	–	**8755**	–
Profit before Tax	**87577**	67012	**–**	12106	**87577**	79118
Income tax expense	**3227**	323	**–**	1877	**3227**	2200
Deferred tax liability written back – an exceptional item	**–**	(3025)	**–**	(1713)	**–**	(4738)
Prior period expenses	**490**	149	**–**	628	**490**	777
Profit after tax	**83860**	69565	**–**	11314	**83860**	80879
Total Assets	**460110**	388626	**–**	74854	**460110**	463480
Total Liabilities	**221491**	214380	**–**	30196	**221491**	244576
Net Cash flows	**31925**	71339	**–**	11289	**31925**	82628

2. **Contingent Liabilities :**

S.No.	Particulars	Current Year Rs. In lakhs	Previous Year Rs. In lakhs
(i)	Guarantees given by banks including performance and bid bonds, counter guaranteed by the Company.	**293**	3834
(ii)	Guarantees by bank given on behalf of a subsidiary company.	**54**	428
(iii)	Corporate guarantees including comfort letter given on behalf of subsidiary companies.	**450**	2850
(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
(v)	Sales Tax demands under BST Act for the years 1995-96, 1996-97,1997-98,1998-99 & 2000-01 against which the Company has preferred appeals.	**691**	647
(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.	**1740**	1793
(vii)	Customs Duty on Tug at Mundra Port	**–**	70
(viii)	Service Tax demand by The Suptd. Of Central Excise - Tuticorin – on Charter Hire Payments.	**–**	73
(ix)	Possible obligation in respect of matters under arbitration	**74**	74
(x)	Letters of Credit outstanding	**–**	502
(xi)	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
(xii)	Uncalled amount on partly paid shares held in United Shippers Limited	**2160**	–

3. **Share Capital :**

Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, - the allotment of 2,91,682 [Previous Year 3,67,032] right equity shares of the Company have been kept in abeyance in accordance with section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner is certified by the concerned Stock Exchanges. An additional 40,608 [Previous Year 50,760] shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange. During the year 1,944 (Previous Year 12,960) equity shares have been allotted out of the shares kept in abeyance. Also 73,406 shares and 10,152 shares respectively have been allocated to the resulting company Great Offshore Ltd. in accordance with the scheme of arrangement.

4. **Secured Loans :**

Term loans from banks includes a syndicated loan of USD 53 million from a consortium of banks against security by way of assignment of bank deposit of USD 2.5 million and a financial covenant inter-alia, to maintain unencumbered assets of value not less than 1.25 times the said borrowing.

5. **Fixed Assets :**

(a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 111369 lakhs [Previous Year Rs. 144396 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. 3093 lakhs [Previous Year Rs. 1420 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) The Company has during the year recognised an impairment loss of Rs. 8755 lakhs in respect of three dry bulk carriers in accordance with the Accounting Standard (AS28) consequent to a sharp fall in the recoverable values of the said assets. In the opinion of the management, the book value of these assets, after correcting for the impairment recognized, are aligned closer to the market values and also broadly reflect the earnings expectations from them.

6. **Current Assets, Loan and Advances :**

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

(b) Loans and advances to subsidiary companies :

	Current Year Rs. in lakhs	Previous Year Rs. in lakhs
The Great Eastern (Fujairah) L.L.C. (maximum balance during the year Rs."Nil", Previous Year Rs.32 lakhs)	**–**	32
The Greatship (Singapore) Pte Ltd. (maximum balance during the year Rs.96 lakhs, Previous Year Rs. "Nil")	**8**	–
The Greatship (India) Ltd. (maximum balance during the year Rs. 37,964, Previous Year Rs. 4,875)	**–**	–
The Great Eastern Chartering L.L.C. (FZC) (maximum balance during the year Rs.1802 lakhs, Previous Year Rs. "Nil")	**1797**	–
Deep Water Services (India) Ltd. (maximum balance during the year Rs. "Nil", Previous Year Rs. 2156 lakhs)	**–**	716
Routes Travel Ltd. (maximum balance during the year Rs. 15 lakhs, Previous Year Rs.55 lakhs)	**–**	15
TOTAL	**1805**	763

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

8. **Deferred tax :**

Pursuant to the introduction of Sec 115VA 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 difference.

The deferred tax in respect of the non-shipping activities as at the year end is as under : (Rs. in lakhs)

	Current Year	Previous Year
Deferred tax assets :		
Difference between book and tax depreciation	**–**	313
Expenditure disallowable under section 43B	**–**	3
Diminution in value of investments	**–**	90
	–	406

9. **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.

10. **Provisions :**

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

(Rs. in lakhs)

Description	Balance as on April 1, 2005	Additions during the year	Reversed / Paid during the year	Balance as on March 31, 2006
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.	166	140	129	177
Vessel Performance / Offhire Claims Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute.	861	566	616	811

11. **Profit and Loss Account :**

(a) The Company has curtailed the useful life of its Single Hull Crude Oil Tankers to March 31, 2010. Consequent to the change in useful life, depreciation for the current year is higher by Rs. 1978 lakhs and the profit for the year is lower to that extent.

The Company has also changed the life of Gas Carriers from 27 years to 27-30 years. This change has no impact on the profits for the year as the change will be applicable only to Gas Carriers acquired after April 01, 2006.

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

(Rs. in lakhs)

	Current Year	Previous Year
(a) Salaries	**155**	257
(b) Contribution to Provident fund and Superannuation fund	**42**	70
(c) Perquisites	**27**	10
(d) Commission to whole-time directors	**414**	720
(e) Commission to non-whole-time directors	**87**	87
(f) Sitting fees	**5**	4
TOTAL :	**730**	1148

Note: The above does not include:

- Contribution to Gratuity Fund and provision for retirement leave encashment benefit as separate figures are not available in respect of the whole time directors.
- Provision for retirement pension benefits of Rs. 243 lakhs (Previous Year 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 previous year.

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

(Rs. in lakhs)

	Current Year		Previous Year	
Profit for the year before tax		**87577**		79118
Add / (Less) :				
Managerial Remuneration	**973**		2407	
Provision for doubtful debts and advances	**566**		4	
Prior period adjustments (excluding Income Tax adjustments)	**184**		(772)	
Depreciation as per books	**28281**		28500	
		30004		30139
		117581		109257
Less: Profit on sale of investments	**39**		67	
Depreciation u/s 350 of the Companies Act, 1956	**28281**		28500	
Capital profit on sale of fixed assets	**25742**		1959	
		54062		30526
Net Profit for Section 198 of the Companies Act, 1956.		**63519**		78731
11% of Net Profit as computed above		**6987**		8660
Total Managerial Remuneration (including commission and provision for retirement pension benefits)		**968**		2403

(c) Mr. Ravi K. Sheth was appointed as additional director on January 30, 2006 and is designated as Executive Director. His appointment and the remuneration payable to him for the period upto March 31, 2006 amounting to Rs. 142 lakhs (including retirement pension benefits Rs. 115 lakhs) is subject to the approval of the members in the general meeting.

12. **Particulars of investments Purchased and Sold during the year:**

	No.of Units	Face Value Rs.	Purchase Cost (Rs. in lakhs)
Liquid Funds:			
Birla Cash Plus- Institutional Premium Plan - Dividend Reinvestment	93434686	10.02	9362
Templeton India Treasury Management Institutional Plan Dividend Reinvestment	1257945	1000.06	12580
Templeton Floating Rate Income Fund Short Term Plan	22089601	10.02	2213
Templeton Treasury Management Account Super Institutional Plan Daily Dividend Reinvestment	1467219	1000.10	14674
Reliance Treasury Institutional Weekly Dividend Reinvestment Plan	31738959	15.30	4857
Reliance Liquidity Fund Daily Dividend Reinvestment	35136996	10.00	3515
JM High Liquidity Fund Super Institutional Weekly Dividend Reinvestment	38789553	10.03	3890
JM High Liquidity Fund Premium Plan Daily Dividend	53011255	10.00	5301
JM Floater Fund – Short Term – Dividend Reinvest	26925821	10.06	2709

	No.of Units	Face Value Rs.	Purchase Cost (Rs. in lakhs)
Liquid Funds:			
HSBC Cash Fund Institutional Plus Daily Dividend Reinvestment	24598571	10.01	2461
Deutsche Insta Cash Plus Fund Institutional Daily Dividend Reinvestment Plan	34065307	10.02	3413
Deutsche Floating Rate Regular Fund Weekly Dividend Reinvestment	12858063	10.28	1322
HDFC Cash Management Savings Plan Daily Dividend Reinvestment	46255522	10.64	49199
HDFC Cash Management Savings Plan Daily Dividend Reinvestment	34498631	10.02	34564
HDFC Liquid Premium Plus Dividend Reinvestment	54111704	12.23	6619
Kotak Liquid Institutional Premium Daily Dividend Reinvestment	29344986	12.23	3588
Prudential ICICI Liquid Institutional Plus Plan – Dividend Reinvestment	78737833	11.86	9338
Prudential ICICI Sweep Cash Option Weekly Dividend Reinvestment Option	16996432	10.02	1703
Prudential ICICI Liquid Super Institutional Weekly Dividend Reinvestment	55183046	10.00	5520
Prudential ICICI Liquid Institutional Plus - Daily Dividend Reinvestment	2533803	11.85	300
Prudential ICICI Liquid Sweep Cash Option Daily Dividend Reinvestment Option	49011306	10.00	4901
Grindlays Cash Super Institutional Plan C Daily Dividend Reinvestment	28576189	10.00	2858
Grindlays Short Term – Monthly Dividend Reinvestment	15022084	10.01	1504
Grindlays Super Institutional Short Term Plan C Monthly Dividend Reinvestment	15203465	10.00	1520
Standard Chartered Liquidity Manager Daily Dividend Reinvestment	39845008	10.00	3985
UTI Liquid Cash Plan Instalment Daily Income	98733	1015.28	1002
ING Vysya Liquid Instalment Daily Dividend Reinvestment	22013344	10.01	2203
DSP Merrill Lynch Liquidity Weekly Dividend Reinvestment	6933937	12.41	860
DSP Merrill Lynch Liquidity IP Weekly Dividend Reinvestment	273006	1000.43	2731
SBI Magnum Insta Cash Liquid Floater Dividend Reinvestment	9699705	10.19	988
SBI Magnum Instalment Income Savings Plan Dividend Reinvestment	5751087	10.54	606
Tata Liquid Super High Investment Fund Weekly Dividend Reinvestment	266680	1135.69	3029
ABN AMRO Cash – Institutional Daily Dividend Reinvestment	19830943	10.00	1983
ABN AMRO Cash - Institutional Plus Daily Dividend Reinvestment	39112287	10.00	3911
ABN AMRO Floating Rate Fund Instl Daily Dividend Reinvest	16050123	10.00	1605
ABN AMRO floating Rate Fund - Institl Plus Daily Dividend Reinvest	16084905	10.00	1608
Principal Cash Management Liquid Instalment Plan Daily Dividend	9094511	10.00	910
Principal Cash Management Fund Liquid Instalment Premium Plan	11031405	10.00	1103

13. **Hedging Contracts**

(a) The Company is hedging import of bunker by way of commodity futures contracts. The particulars of the futures contracts for the year are as under :

	Current Year		Previous Year	
Details	**Purchase**	**Sales**	Purchase	Sales
Total No. of contracts entered during the year	**5**	**–**	–	–
No. of units in MT under above contracts	**31000**	**–**	–	–
Total No.of contracts outstanding as on March 31	**1**	**–**	–	–
No. of units in MT under above contracts	**6000**	**–**	–	–

(b) The Company uses forward exchange contracts to hedge its foreign exchange exposure. The particulars of the forward exchange contracts for the year are as under :

	Current Year		Previous Year	
Details	**Purchase**	**Sales**	Purchase	Sales
Total No. of contracts entered during the year	**74**	**189**	120	222
Foreign currency value covered US Dollar (million)	**206.374**	**329.010**	170.879	329.010
Japanese Yen (million)	**218.600**	**–**	456.360	–
Sterling Pounds (million)	**–**	**10.000**	–	1.000
Norwegian Kroners (million)	**–**	**–**	160.181	–
Singapore Dollars (million)	**–**	**–**	0.582	–
Total No. of contracts outstanding as on March 31	**–**	**53**	2	83
Foreign Currency Value US Dollar (million)	**–**	**99.500**	2	135.500
Japanese Yen (million)	**–**	**–**	224.060	–

(c) Un-hedged foreign currency exposures as on March, 31 2006 :

Amount in equivalent US Dollar	**Current Year in millions**	Previous Year in millions
(i) Loans liabilities and payables	**405.575**	435.302
(ii) Current Assets	**17.927**	58.357

14. **Segment Reporting :**

The Company is engaged only in shipping business and subsequent to de-merger of the Offshore Service Business, which was a separate segment as per Accounting Standard 17 'Segment Reporting', the Company operates only in Shipping Business and there are no separate reportable segments.

(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	**234208**	167803	**–**	34799	**–**	9321	**234208**	211923
RESULTS :								
Profit / (Loss) before tax and interest	**97271**	74646	**–**	13026	**–**	3349	**97271**	91021
Less : Interest							**9694**	8287
Less : Unallocated expenditure							**–**	3616
Total Profit before tax							**87577**	79118
Provision for tax								
– current							**2600**	2200
– deferred							**406**	(4738)
– fringe benefit tax							**221**	–
Profit for the year after tax							**84350**	81656
Prior period adjustments							**(490)**	(777)
Net Profit							**83860**	80879
OTHER INFORMATION :								
Assets	**460110**	279108	**–**	74854	**–**	109518	**460110**	463480
Liabilities	**460110**	173051	**–**	30196	**–**	41329	**460110**	244576
Capital Expenditure	**94601**	82537	**–**	16683	**–**	517	**94601**	99737
Depreciation	**28281**	24996	**–**	2863	**–**	641	**28281**	28500

(b) Secondary segment reporting by geographical segment :

(i) 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.

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

15. **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 Chartering LLC – FZC

Greatship (India) Ltd.

Routes Travel Ltd.

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

Associate:

Business Standard Ltd.

United Shippers Limited

United Shippers FZC

Key Management Personnel :

Mr. K. M. Sheth - Executive Chairman

Late Shri S. J. Mulji - Executive Deputy Chairman (upto July,15 2005)

Mr. Bharat K. Sheth - Deputy Chairman and Managing Director

Mr. Ravi K. Sheth - Executive Director

Relatives of Key Management Personnel :

Mr. Sevantilal M. Sheth - brother of Executive Chairman.

Ms. Rosaleen S. Mulji - widow of late Shri. S. J. Mulji, Executive Deputy Chairman

(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 - - The Great Eastern Chartering LLC - Rs.160 lakhs	**160**	-	**-**	-	**-**	-	**-**	-	**3**	-	**163**	-
Services rendered: - United Shippers Ltd.- Rs.498 lakhs - United Shippers FZC, Dubai - Rs.155 lakhs	**-**	1475	**-**	37	**653**	-	**-**	-	**-**	-	**653**	1512
Services received: - The Greatship (Singapore) Pte.Ltd.- Rs.272 lakhs - Routes Travel Ltd.- Rs.987 lakhs	**1258**	1153	**-**	-	**-**	-	**2**	4	**-**	-	**1260**	1157
Dividend Income: - The Greatship (Singapore) Pte.Ltd.	**16**	16	**-**	-	**-**	-	**-**	-	**-**	-	**16**	16
Interest income: - The Great Eastern Chartering LLC	**57**	82	**-**	-	**-**	-	**-**	-	**-**	-	**57**	82
Finance received (including loans, repayment of loans and equity contributions) - Routes Travel Ltd.- Rs.24 lakhs - Late Shri S. J. Mulji - Rs.12 lakhs	**24**	1746	**-**	-	**-**	-	**12**	-	**-**	-	**36**	1746
Finance provided (including loans and equity contributions) - United Shippers Ltd.- Rs.4867 lakhs - The Great Eastern Chartering LLC - Rs.1785 lakhs	**1785**	1256	**-**	57	**4867**	-	**-**	-	**-**	-	**6652**	1313
Remuneration: - Shri K. M. Sheth - Rs.298 lakhs - Late Shri S. J. Mulji - Rs.80 lakhs - Shri B. K. Sheth - Rs.361 lakhs - Shri R. K. Sheth - Rs.142 lakhs - Ms. Rosaleen S. Mulji - Rs.243 lakhs	**-**	-	**-**	-	**-**	-	**880**	2316	**249**	8	**1129**	2324
Guarantees/Comfort letter given - Routes Travel Ltd.- Rs.450 lakhs - Greatship (India) Ltd.- Rs.54 lakhs	**504**	3278	**-**	-	**-**	-	**-**	-	**-**	-	**504**	3278
Outstanding balance as on 31.03.2006: **Receivables:** - The Great Eastern Chartering LLC - Rs.1797 lakhs	**1805**	1030	**-**	35	**-**	-	**-**	12	**-**	-	**1805**	1077
Sundry Debtors: - United Shippers Ltd.- Rs.48 lakhs - United Shippers FZC, Dubai - Rs.49 lakhs	**-**	-	**-**	-	**97**	-	**-**	-	**-**	-	**97**	-
Payables: - Routes Travel Ltd.- Rs.43 lakhs	**43**	25	**-**	-	**-**	-	**-**	-	**-**	-	**43**	25

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

16. **Basic and diluted earnings per share:**

(Rs. in lakhs)

		Current Year	Previous Year
(a)	Profit for the year after tax	**84350**	81656
	(Less)/Add : Prior period adjustments	**(490)**	(777)
		83860	80879
	Less : Interim dividend on Preference Shares	**–**	253
	Tax on interim dividend on Preference Shares	**–**	33
	Net Profit after tax for Equity Shareholders	**83860**	80593
(b)	Number of Equity shares as on April 1, 2005	**19,03,39,975**	19,03,27,015
	Less: Shares transferred to Great Offshore Ltd. on account of De-merger	**3,80,67,995**	–
		15,22,71,980	19,03,27,015
	Add: Shares allotted out of abeyance quota	**1,944**	12,960
	Number of Equity shares as on March 31, 2006	**15,22,73,924**	19,03,39,975
	Weighted average number of Equity shares Outstanding during the year	**15,22,73,700**	19,03,35,982
(c)	Face value of Equity Share	**Rs. 10**	Rs. 10
(d)	Basic and diluted earnings per share	**Rs. 55.07**	Rs. 42.34

17. 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. 46/26/2006/CL-III dated March 6, 2006.

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

Cash Flow Statement for the year ended on March 31, 2006.

(Rs. in lakhs)

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX :	**87577**	79118
ADJUSTMENTS FOR :		
Prior year adjustments	**184**	(777)
Depreciation including impairment	**37036**	28500
Interest earned	**(6259)**	(2221)
Interest paid	**9694**	8287
Dividend received	**(858)**	(1107)
Profit on investments (Net)	**(39)**	(67)
Profit on sale of sundry assets	**(122)**	(887)
Share issue expenses written off	**-**	9
De-merger expenses written off	**715**	-
Doubtful debts & advances written off/ provided	**674**	166
Deferred Revenue Expenditure written off	**147**	268
Foreign exchange	**147**	1695
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**128896**	112984
ADJUSTMENTS FOR :		
Trade & Other Receivables	**5754**	(9085)
Inventories	**(633)**	1992
Incomplete Voyages (Net)	**(1347)**	1924
Trade Payables	**5413**	5842
CASH GENERATED FROM OPERATIONS :	**138083**	113657
Tax Paid	**(3571)**	(2941)
NET CASH FLOW FROM OPERATING ACTIVITIES :	**134512**	110716
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(91227)**	(100332)
* Sale proceeds of fixed assets	**31404**	7051
Purchase of Investments (includes Rs. 4867 Lakhs towards investment in Equity of Associate company - Previous Year - Rs. 130 Lakhs)	**(155726)**	(67659)
Sale proceeds of Investments	**142811**	103641
Interest received	**5428**	1603
Dividend received (includes Rs. 16 Lakhs received from a Subsidiary Company - Previous Year Rs. 16 Lakhs)	**858**	1107
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**(66452)**	(54589)

C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares from abeyance quota	**-**	1
Redemption of preferecnce shares	**-**	(7500)
Proceeds from long term borrowings	**58063**	85565
Repayments of long term borrowings	**(59150)**	(21951)
Dividend paid	**(16706)**	(19419)
Tax on Dividend paid	**(2359)**	(2501)
Interest paid	**(10003)**	(7694)
Demerger expenses	**(715)**	-
Net cash outflow on demerger of offshore division	**(5265)**	-
NET CASH FROM/(USED IN) IN FINANCING ACTIVITIES :	**(36135)**	26501
Net increase / (decrease) in cash and cash equivalents :	**31925**	82628
Cash and cash equivalents as at April 1, 2005 (See note below)	**104820**	22192
Cash and cash equivalents as at March 31, 2006 (See note below)	**136745**	104820

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

Note :

Cash and cash evivalents as on	**March 31, 2006**	March 31, 2005
Cash and bank balances	**135156**	103645
Effect of exchange rate changes [Loss/(gain)]	**1589**	1175
Cash and cash equivalents as restated	**136745**	104820

As per our Report attached hereto
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner
Mumbai, October 27, 2006.

Jayesh M. Trivedi
Company Secretary

K. M. Sheth Executive Chairman
Bharat K. Sheth Deputy Chairman & Managing Director
R. N. Sethna Director
Mumbai, October 27, 2006.

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	31-03-2006
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	460110
Total Assets	460110
Sources of Funds :	
Paid-up Capital	15227
Reserves & Surplus	223392
Secured Loans	186915
Unsecured Loans	NIL
Application of Funds :	
Net Fixed Assets	286505
Investments	18579
Net Current Assets	120450
Misc. Expenditure	NIL
Accumulated Losses	NIL
IV. Performance of Company :	Amount (Rs. in lakhs)
Turnover	234208
Total Expenditure	146631
Profit/(Loss) Before Tax	87577
Profit/(Loss) After Tax	84350
Earning Per Share (in Rs.)	55.07
***Dividend Rate (%)**	112.22
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.

*** During the year, 3 interim dividends aggregating to 100% were declared on original capital before de-merger. Dividend rate of 112.22% was arrived at on reduced capital post de-merger.**

Consolidated Accounts

In union is strength.

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

1. We have examined the attached Consolidated Balance Sheet of The Great Eastern Shipping Company Limited and its subsidiaries (the Group) as at March 31, 2006, and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, both 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 generally accepted auditing standards 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 some subsidiaries whose financial statements reflect the Group's share of total assets of Rs. 5020 lakhs as at March 31, 2006 and the Group's share of total revenues of Rs. 11612 lakhs for the year ended on that date and Group's share of net cash inflow amounting to Rs. 3134 lakhs for the year then ended and associates, whose financial statements reflect the Group's share of loss (net) upto March 31, 2006 of Rs.2330 lakhs and the Group's share of profit of Rs.72 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the report of the other auditors.

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 and Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. Without qualifying our opinion, we draw attention to Note 15 of Schedule 21 of the accounts regarding the curtailment of the useful life of single hull crude oil tankers to March 2010 resulting in higher depreciation for the year by Rs. 1978 lakhs and resultant lower profit to that extent.

6. Based on our audit and consideration of the reports of other auditors on separate financial statements, 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, 2006;

b) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of The Great Eastern Shipping Company Limited Group for the year then ended; and

c) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of The Great Eastern Shipping Company Limited Group for the year then ended.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No: 32083
Mumbai, October 27, 2006

Consolidated Balance Sheet as at March 31, 2006.

(Rs. in lakhs)

	Schedule		Current Year	Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	15227		19034
Reserves and Surplus	2	226811		199660
			242038	218694
Minority Interest			134	148
Loan Funds :				
Secured Loans	3		187669	210860
TOTAL			429841	429702
APPLICATION OF FUNDS :				
Fixed Assets :	4			
Gross Block		434535		452196
Less : Depreciation (including impairment)		158947		164024
Net Block		275588		288172
Ships under Construction/Capital work-in-progress		10974		32715
			286562	320887
Investments	5		16743	3717
Deferred tax assets			15	209
Current Assets, Loans and Advances :				
Inventories	6	3678		3166
Sundry Debtors	7	8833		18153
Cash and Bank balances	8	141791		107388
Other Current assets	9	2206		1250
Loans and Advances	10	5946		12712
		162454		142669
Less : Current Liabilities and Provisions :				
Current Liabilities	11	33494		28131
Provisions	12	2166		8013
Incomplete Voyages (net)		273		1828
		35933		37972
Net Current Assets			126521	104697
Miscellaneous Expenditure (to the extent not written off or adjusted)	13		–	192
TOTAL			429841	429702
Significant Accounting Policies	20			
Notes on Accounts	21			

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 , October 27, 2006.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

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

Mumbai , October 27, 2006.

Consolidated Profit and Loss Account for the year ended March 31, 2006.

(Rs. in lakhs)

	Schedule	Current Year		Previous Year
INCOME :				
Income from Operations	14		238264	215712
Other Income	15		7677	4520
			245941	220232
EXPENDITURE :				
Operating Expenses	16	101260		88417
Administration & Other Expenses	17	8786		12276
Interest & Finance charges	18	9758		8410
Depreciation		28305		28795
Impairment loss on certain assets		8755		–
			156864	137898
Profit before tax			89077	82334
Profit from continuing operations before tax		89077		68545
Income Tax – Current tax		2820		571
– Deferred tax		414		–
– Fringe Benifit tax		227		–
– Deferred Tax Liability written back - an exceptional item		–		(2986)
Profit from continuing operations after tax			85616	70960
Profit from discontinuing operations before tax		–		13789
Income Tax – Current tax		–		1904
– Deferred Tax Liability written back - an exceptional item		–		(1736)
Profit from discontinuing operations after tax			–	13621
Profit for the year after tax			85616	84581
Less : Prior period adjustments	19		490	777
			85126	83804
Add/(Less) : Share in Profit/(loss) of Associates			72	(112)
Add/(Less) : Minority Interest			14	(13)
			85212	83679
Less : Transfer to Tonnage Tax Reserve Account under section 115VT of the Income-tax Act,1961			14500	15000
			70712	68679
Add : Transfer from –				
– Reserve under section 33AC of the Income-tax Act, 1961.		–		14500
– Dividend Equalisation Reserve		18		–
– Debenture Redemption Reserve		1900		1900
			1918	16400
			72630	85079
Add : Surplus brought forward from previous year		35539		
Less : Transferred on de-merger		4721		
			30818	7671
Amount available for appropriation			103448	92750
Appropriations:				
– Transfer to Capital Redemption Reserve		–		7500
– Transfer to General Reserve		20000		30000
– Interim Dividend on Preference Shares		–		253
– Interim Dividend on Equity Shares		17088		11421
– Proposed Dividend on Equity Shares		–		5710
– Tax on Dividends		2397		2327
			39485	57211
Balance Carried Forward			63963	35539
Basic and diluted earnings per share (in Rs.)			55.96	43.81
Significant Accounting Policies	20			
Notes on Accounts	21			

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

As per our Report attached hereto
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner
Mumbai , October 27, 2006.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

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

Mumbai , October 27, 2006.

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2006

(Rs. in lakhs)

		Current Year	Previous Year
SCHEDULE "1" :			
SHARE CAPITAL :			
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 :			
15,26,98,445	(Previous Year 19,08,73,056) Equity Shares of Rs.10 each	**15270**	19087
SUBSCRIBED :			
15,22,76,442	(Previous Year 19,03,43,123) Equity Shares of Rs.10 each	**15227**	19034
PAID-UP :			
15,22,73,924	(Previous Year 19,03,39,975) Equity Shares of Rs.10 each fully paid up	**15227**	19034

Notes :

1. Out of above, 74,39,858 (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. 32,639 (Previous year Rs. 40,799).

SCHEDULE "2" :

RESERVES AND SURPLUS :

		Current Year	Previous Year
(a) CAPITAL RESERVE ON CONSOLIDATION :			
As per last Balance Sheet	**91**		91
Add : Transfer to Great Offshore Limited on de-merger	**5**		–
		96	91
(b) CAPITAL REDEMPTION RESERVE :			
As per last Balance Sheet	**23854**		16354
Add : Transfer from Profit and Loss Account	**–**		7500
		23854	23854
(c) RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 :			
As per last Balance Sheet	**24000**		38500
Less : Transfer to Profit & Loss Account	**–**		14500
		24000	24000
(d) TONNAGE TAX RESERVE ACCOUNT UNDER SECTION 115VT OF THE INCOME-TAX ACT, 1961 :			
As per last Balance Sheet	**15000**		–
Add : Transfer from Profit and Loss Account	**14500**		15000
		29500	15000
(e) DEBENTURE REDEMPTION RESERVE :			
As per last Balance Sheet	**6150**		8050
Less : Transfer to Profit & Loss Account	**1900**		1900
		4250	6150
	c/f	**81700**	69095

(Rs. in lakhs)

		Current Year	Previous Year
	b/f	**81700**	69095
(f) DIVIDEND EQUALISATION RESERVE :			
As per last Balance Sheet	**18**		18
Less : Transfer to Profit & Loss Account	**18**		–
		–	18
(g) EXCHANGE FLUCTUATION RESERVE :			
As per last Balance Sheet		**2500**	2500
(h) SHARE PREMIUM ACCOUNT :			
As per last Balance Sheet	**15801**		15801
Less : Transferred to Great Offshore Limited on de-merger	**3200**		–
		12601	15801
(i) FOREIGN CURRENCY TRANSLATION RESERVE :			
As per last Balance Sheet	**9**		(34)
Add : Gain on translation for the year	**93**		43
		102	9
(j) GENERAL RESERVE :			
As per last Balance Sheet	**76698**		38689
Less : Accumulated impairment loss as on April 01, 2004	**–**		135
Less : Transferred to Great Offshore Limited on de-merger	**30753**		–
	45945		38554
Add : Deferred tax liability written back - an exceptional item	**–**		8144
Add : Transfer from Profit and Loss Account	**20000**		30000
		65945	76698
(k) PROFIT AND LOSS ACCOUNT		**63963**	35539
		226811	199660

SCHEDULE "3" :
SECURED LOANS :

	Current Year	Previous Year
(a) TERM LOANS -		
- From Banks Secured by mortgage of specific ships, assignment of bank deposit and a financial covenent to maintain unencumbered assets.	**167255**	181825
(b) BANK OVERDRAFTS - Secured by hypothecation of book debts and pledge of deposit receipts with the bank.	**754**	335
(c) NON CONVERTIBLE DEBENTURES* -		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -		
- 11.75% (part G) redeemable on August 31, 2006.**	**–**	600
- 11.75% (part G) redeemable in October, 2006.**	**–**	600
- 11.75% (series 7) redeemable on November 29, 2006.**	**–**	2000
- 12.10% (part G) redeemable on November 17, 2006.**	**–**	400
- 10.65% (series III) redeemed on February 14, 2006.	**–**	1500
- 8.95% redeemable on July 07, 2007.**	**7127**	9000
- 6.05% redeemable on September 19, 2010.**	**8733**	9500
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each -		
- 10.25% (series 5 - 7) redeemable in three annual instalments from May 25, 2006 to May 25, 2008.	**3800**	5100
	187669	210860

* Secured by mortgage of specified immovable properties and ships.

** Debentures aggregating Rs. 6241 lakhs are transferred to Great Offshore Limited on de-merger.

SCHEDULE "4" :
FIXED ASSETS :

(Rs. in lakhs)

Particulars	COST					DEPRECIATION					IMPAIRMENT			NET BLOCK
	As at April 1, 2005	Assets transferred on de-merger	Additions for the year	Deductions for the year [Note 8(b)]	As at March 31, 2006	Upto March 31, 2005	Depreciation transferred on de-merger	Adjustments in respect of assets sold/ discarded	For the year	Upto March 31, 2006	As at April 1, 2005	For the year	Upto March 31, 2006 [Note 8(d)]	As at March 31, 2006
Fleet	**432865**	**65210**	**96817**	**43148**	**421324**	**153945**	**23447**	**12111**	**27724**	**146111**	**–**	**8755**	**8755**	**266458**
	353898	*–*	*87839*	*8872*	*432865*	*129053*	*–*	*2822*	*27714*	*153945*	*–*	*–*	*–*	*278920*
Plant & Machinery :														
- Rigs and Barges	**5217**	**5217**	**–**	**–**	**–**	**4827**	**4827**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	5212	*–*	*5*	*–*	*5217*	*4488*	*–*	*–*	*339*	*4827*	*–*	*–*	*–*	*390*
- Others	**875**	**–**	**850**	**501**	**1224**	**278**	**–**	**43**	**112**	**347**	**–**	**–**	**–**	**877**
	317	*–*	*581*	*23*	*875*	*229*	*–*	*23*	*72*	*278*	*–*	*–*	*–*	*597*
Land	**4815**	**–**	**119**	**–**	**4934**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4934**
(Freehold & Perpetual Lease)	*4371*	*–*	*444*	*–*	*4815*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*4815*
Land (Leasehold)	**9**	**4**	**–**	**–**	**5**	**1**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**4**
	9	*–*	*–*	*–*	*9*	*1*	*–*	*–*	*–*	*1*	*–*	*–*	*–*	*8*
Ownership Flats and Office Premises *	**4449**	**1669**	**1010**	**92**	**3698**	**1536**	**771**	**36**	**141**	**870**	**135**	**–**	**135**	**2693**
	4620	*–*	*1*	*172*	*4449*	*1470*	*–*	*80*	*146*	*1536*	*–*	*135*	*135*	*2778*
Furniture, Fixtures and Office Equipment	**3024**	**620**	**348**	**74**	**2678**	**2661**	**513**	**71**	**208**	**2285**	**–**	**–**	**–**	**393**
	2827	*–*	*279*	*82*	*3024*	*2474*	*–*	*79*	*266*	*2661*	*–*	*–*	*–*	*363*
Vehicles	**942**	**234**	**151**	**187**	**672**	**641**	**162**	**156**	**120**	**443**	**–**	**–**	**–**	**229**
	897	*–*	*245*	*200*	*942*	*564*	*–*	*181*	*258*	*641*	*–*	*–*	*–*	*301*
SUB -TOTAL	**452196**	**72954**	**99295**	**44002**	**434535**	**163889**	**29720**	**12417**	**28305**	**150057**	**135**	**8755**	**8890**	**275588**
	372151	*–*	*89394*	*9349*	*452196*	*138279*	*–*	*3185*	*28795*	*163889*	*–*	*135*	*135*	*288172*
Ships under construction/Capital work-in-progress (net of Rs.17074 lakhs transferred to Great Offshore Ltd. on de-merger)														**10974**
														32715
														286562
														320887

* The Ownership Flats & Office Premises include Rs. 13,030, (Previous Year Rs. 13,030), being value of shares held in various co-operative societies.
(Previous year figures are in italics)

SCHEDULE "5" :
INVESTMENTS :

	Face Value	Current Year No. of Units	Current Year Rs. in lakhs	Previous Year No. of Units	Previous Year Rs. in lakhs
(a) LONG TERM INVESTMENTS :					
(At cost - fully paid unless stated otherwise)					
Equity Shares : Unquoted					
Associates :					
Business Standard Ltd.	10	**1,67,85,787**	**25**	1,67,85,787	–
United Shippers Ltd.	10	**4,50,000**	**2754**	–	–
United Shippers Ltd. - Rs. 5 paid up. (acquired during the year)	10	**9,72,973**	**2160**	–	–
			4939		–
(b) CURRENT INVESTMENTS :					
(At lower of cost and fair value - fully paid)					
Mutual Funds - Liquid/Short Term Schemes - Unquoted			**11804**		3717
			16743		3717

(Rs. in lakhs)

		Current Year	Previous Year
SCHEDULE "6" :			
INVENTORIES :			
(a) Fuel oil		**3678**	2245
(b) Properties for sale		**–**	20
(c) Property development work-in-progress		**–**	901
		3678	3166
SCHEDULE "7" :			
SUNDRY DEBTORS :			
(Unsecured)			
(a) Debts outstanding over six months :			
– Considered good	**462**		947
– Considered doubtful	**799**		282
		1261	1229
(b) Other Debts :			
– Considered good	**8371**		17206
– Considered doubtful	**–**		69
		8371	17275
Less : Provision for doubtful debts		**799**	351
		8833	18153
SCHEDULE "8" :			
CASH AND BANK BALANCES :			
(a) Cash and cheques on hand		**11**	451
(b) Balances with scheduled banks :			
– On current account		**5576**	3894
– On deposit account		**127583**	78315
(c) Balances with other banks on call / deposit accounts		**8621**	24728
		141791	107388
SCHEDULE "9" :			
OTHER CURRENT ASSETS :			
(a) Interest accrued on investments and deposits		**1517**	682
(b) Accrued Income		**689**	568
		2206	1250

(Rs. in lakhs)

		Curent Year	Previous Year
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.5 lakhs, Previous year Rs. 136 lakhs)		**4715**	11577
(b) Agents' current accounts		**1094**	1118
(c) Balances with Customs, Port Trust etc.		**4**	5
(d) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation)		**133**	12
		5946	12712
SCHEDULE "11" :			
CURRENT LIABILITIES :			
(a) Sundry Creditors		**18164**	18524
(b) Advance Charter Hire received		**3127**	3662
(c) Liabilities towards Investor Education and Protection Fund, not due			
- Unpaid dividend		**552**	440
- Unpaid matured fixed deposits		**4**	5
(d) Other Liabilities		**1304**	1348
(e) Interest accrued but not due		**3180**	3345
(f) Managerial Remuneration payable		**501**	807
(g) Interim dividend payable		**6662**	–
		33494	28131
SCHEDULE "12" :			
PROVISIONS :			
(a) Proposed Dividend		**–**	5710
(b) Provision for tax on dividends		**934**	801
(c) Provision for Retirement benefits		**1232**	1502
		2166	8013
SCHEDULE "13" :			
MISCELLANEOUS EXPENDITURE :			
(to the extent not written off or adjusted)			
(a) Share Issue Expenses :			
As per last Balance Sheet	**–**		9
Less : Amortised during the year	**–**		9
		–	–
(b) Deferred Revenue Expenditure :			
As per last Balance Sheet	**192**		460
Less : Transferred to Great Offshore Ltd on de-merger	**45**		–
	147		460
Less : Amortised during the year	**147**		268
		–	192
		–	192
SCHEDULE "14" :			
INCOME FROM OPERATIONS :			
Freight and Demurrage		**107003**	81692
Charter Hire		**92453**	110170
Contract Revenue (Gross) (Income-tax deducted at source Rs."Nil", Previous Year Rs.131 lakhs)		**–**	14114
Profit on sale of Ships		**34658**	2475
Turnover :			
– Property Development	**2972**		4917
– Projects	**–**		265
		2972	5182
Miscellaneous Receipts		**1178**	2079
		238264	215712

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2006.

(Rs. in lakhs)

		Current Year	Previous Year
SCHEDULE "15" :			
OTHER INCOME :			
Dividend		842	1091
Interest earned (Gross):			
– on term deposits	5405		1744
– on call deposit	825		369
– others	113		75
(Income-tax deducted at source Rs.153 lakhs, Previous Year Rs.88 lakhs)		6343	2188
Profit on sale of current investments (net)		39	67
Gain on foreign currency transactions (net)		177	–
Profit on sale of sundry assets (net)		130	889
Miscellaneous Income		146	285
		7677	4520
SCHEDULE "16":			
OPERATING EXPENSES :			
(a) FLEET :			
Direct:			
Fuel Oil and Water	18357		12936
Port, Light and Canal Dues	8415		5375
Stevedoring, Despatch & Cargo Expenses	209		107
Hire of chartered ships	23979		10982
Brokerage & Commission	2577		2011
Agency Fees	556		476
Others:			
Wages, Bonus and Other Expenses on Floating Staff	11778		12078
Contribution to Provident & Other Funds	195		164
Stores	4734		4852
Repairs & Maintenance - Fleet	21967		18928
Insurance & Protection Club Fees	4069		4505
Vessel Management Expenses	602		3124
Sundry Steamer Expenses	761		951
		98199	76489
(b) COST OF SALES - PROPERTY DEVELOPMENT :			
Opening Stock -			
- Properties for sale	20		23
- Development work-in-progress	901		2951
	921		2974
Add : Expenses during the year-			
- Project Management Fees	2121		3249
- Other project expenses	19		18
	3061		6241
Less : Closing Stock -			
- Properties for sale	–		20
- Development work-in-progress	–		901
	–		921
		3061	5320
(c) OIL & GAS DIVISION :			
Manpower	–		351
Salary & Allowances	–		1130
Contribution to Provident & Other Funds	–		30
Insurance	–		665
Repairs & Maintenance	–		2792
Fuel, Water & Supplies	–		1352
Brokerage & Commission	–		68
Others	–		220
		–	6608
		101260	88417

(Rs. in lakhs)

		Current Year	Previous Year
SCHEDULE “17” :			
ADMINISTRATION & OTHER EXPENSES :			
Staff Expenses-			
- Salaries, Allowances & Bonus	**3757**		6764
- Staff Welfare Expenses	**79**		73
- Contribution to Provident & Other Funds	**250**		385
		4086	7222
Rent		**60**	74
Insurance		**67**	80
Repairs and Maintenance -			
- Buildings	**27**		66
- Others	**91**		218
		118	284
Property Taxes		**9**	15
Miscellaneous Expenses		**2914**	3721
Auditors’ Remuneration (including service tax)		**75**	83
Loss on foreign currency transactions (net)		**–**	616
Share issue expenses written off		**–**	9
De-merger expenses written off		**715**	–
Doubtful debts and advances written off		**131**	163
Provision for doubtful debts & advances (Net)		**611**	9
		8786	12276
SCHEDULE “18”:			
INTEREST & FINANCE CHARGES :			
Interest on Fixed Loans		**9335**	7946
Other Interest		**1**	54
Finance charges		**694**	1146
		10030	9146
Less : Pre-delivery interest capitalised		**272**	736
		9758	8410
SCHEDULE “19”:			
PRIOR PERIOD ADJUSTMENTS :			
Expenses of prior years		**37**	870
Income tax for prior years		**674**	5
		711	875
Less : Excess provisions written back		**221**	98
		490	777

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.

(b) Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

(c) 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.

(d) 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.

(e) 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

(f) Incomplete voyages :

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

(g) Borrowing Costs :

Borrowing costs that are directly attributable to the acquisition / construction of the underlying fixed assets are capitalised as a part of the respective asset, upto the date of acquisition / completion of construction.

(h) Miscellaneous Expenditure :

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

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

(ii) Deferred revenue expenditure :

- Hold Blasting and painting expenditure	... 5 years
- Compensation payable under voluntary retirement scheme	... 5 years

(i) Revenue 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.

(j) Operating expenses :

(i) Fleet direct operating expenses are charged to revenue on completed voyage basis.
(ii) Stores and spares delivered on board the ships 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.

(k) 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 liability in respect of defined benefit schemes like gratuity, leave encashment and pensions is provided in the accounts on the basis of actuarial valuations as at the year end.

(l) Depreciation :

(i) Depreciation is provided so as to write off 95% of the original cost of the asset over the estimated useful life or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher on the following basis :

		Estimated Useful life/ depreciation rate
Fleet		
- Single Hull Tankers	Straight line over balance useful life or 5%, whichever is higher	20 to 23 years*
- Double Hull Tankers		20 to 25 years
- Dry Bulk Carriers		23 to 25 years
- Gas Carriers		27 to 30 years
Leasehold land	Straight line	Lease period
Ownership flats and office premises	Written down value	5%
Furniture & Fixtures, Office Equipment, etc	Straight line	5 years
Computers	Straight line	3 years
Vehicles	Straight line	4 years
Plant & Machinery	Straight line	10 years

* Subject to the life of single side single bottom vessels being restricted to March 31, 2010.

(ii) Depreciation on fleet 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.

(iii) 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.

(iv) 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.

(m) Asset Impairment :

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. Impairment loss, if any, is recognised in the year in which impairment takes place.

(n) 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 period end are translated at closing rates. Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange 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) Premium or discount on forward exchange contracts 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.

(iv) Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the period 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.

(o) 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.

(p) 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 relate to The Great Eastern Shipping Company Ltd., the holding Company and its majority owned subsidiaries (collectively referred to as Group). 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.

   Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the respective dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investment as stated above.

   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 recognised under 'Foreign Currency Translation Reserve'.

   Investment in Associates are 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 investments in Associates using the 'Equity method'. The Company's share of the post acquisition profits or losses is included in the carrying cost of Investments.

   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.

2. The financial statements of the subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2006.

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

Sr. No.	Name of the Company	Country of Incorporation	% of Holding	
			Current Year	Previous Year
1.	The Great Eastern Shipping Co. London Ltd.	U.K.	**100%**	100%
2.	The Greatship (Singapore) Pte. Ltd.	Singapore	**100%**	100%
3.	The Great Eastern Chartering LLC (FZC)	U.A.E.	**100%**	100%
4.	Greatship (India) Ltd.	India	**100%**	100%
5.	Routes Travel Ltd.	India	**63.64%**	63.64%
6.	The Great Eastern (Fujairah) LLC (FZC)	U.A.E.	**-**	100%
7.	Deep Water Services (India) Ltd.	India	**-**	100%

4. The associates considered in the financial statements are :

Sr. No.	Name of the Company	Country of Incorporation	% of Holding	
			Current Year	Previous Year
1.	Business Standard Ltd.	India	**27.76%**	27.76%
2.	United Shippers Ltd.	India	**18.78%***	–

   *United Shippers Ltd. has become an associate company on December 07, 2005.

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

Sr. No.	Name of the Company	Country of Incorporation	% of Holding	
			Current Year	Previous Year
1.	United Helicharters Pvt. Ltd.	India	**–**	26%

6. Discontinuing Operations :

   Pursuant to a Scheme of Arrangement for de-merger of the Offshore Services Business, which is a separate segment as per AS 17, Segment Reporting, into a separate company as approved by the High Court at Mumbai on February 03, 2006, the assets and liabilities pertaining to the Offshore Services Business have been transferred to and vested on de-merger in the resulting company, Great Offshore Limited with effect from April 1, 2005. The Scheme has accordingly been given effect to in these accounts. The current year's figures are therefore not comparable with those of the previous year.

As per the said scheme of de-merger, the Issued capital has been reduced by Rs. 3817 lakhs, the subscribed and paid-up capital of the Group has been reduced by Rs. 3807 lakhs and the paid up value of each equity share of Rs. 10/- stands reduced by Rs. 2/- to Rs. 8/- each. Simultaneously, with the reduction of Share Capital, five such reduced equity shares of Rs. 8/- each have been consolidated into four equity share of Rs. 10/- each.

The assets and liabilities of the de-merged undertaking transferred on de-merger are as under :

Assets	**Rs. in Lakhs**
Fixed Assets	60307
Investments	–
Net Current Assets	7182
Miscellaneous Expenditure to the extent not written off	46
	67535
Liabilities	
Share Capital	3807
Reserves and Surplus	38655
Loans	25073
	67535

The revenues and expenses of the continuing and discontinuing operations are as under :

	Continuing Operations		**Discontinuing Operations**		**Total (Rs in lakhs)**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Income from Operations	**245941**	179973	**-**	40259	**245941**	220232
Operating expenses	**110046**	78357	**-**	22336	**110046**	100693
Interest	**9758**	7407	**-**	1003	**9758**	8410
Depreciation	**28305**	25664	**-**	3131	**28305**	28795
Impairment loss on certain assets	**8755**	-	**-**	-	**8755**	-
Profit before Tax	**89077**	68545	**-**	13789	**89077**	82334
Income tax expense	**3461**	571	**-**	1904	**3461**	2475
Deferred tax liability written back – an exceptional item	**-**	(2986)	**-**	(1736)	**-**	(4722)
Prior period expenses	**490**	149	**-**	628	**490**	777
Profit after tax	**85126**	70811	**-**	12993	**85126**	83804
Total Assets	**465774**	393701	**-**	73973	**465774**	467674
Total Liabilities	**223736**	215934	**-**	33046	**223736**	248980
Net Cash flows	**35158**	72390	**-**	10970	**35158**	83360

7. Contingent Liabilities :

Rs. in lakhs

S.No.	**Particulars**	**Current Year**	Previous Year
(i)	Guarantees given by banks including performance and bid bonds, counter guaranteed by the Group.	**400**	4422
(ii)	Corporate guarantees including comfort letter given on behalf of subsidiary companies.	**450**	2850
(iii)	Income Tax demand for non deduction of tax at source on commission paid to Managers to the GDR issue against which the Group has preferred appeal.	**-**	330
(iv)	Sales Tax demands under BST Act for the years 1995-96, 1996-97,1997-98,1998-99 & 2000-01 against which the Group has preferred appeals.	**691**	647

Rs. in lakhs

S.No.	Particulars	Current Year	Previous Year
(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 Group.	**1740**	1793
(vi)	Custom duty on re-import of a rig against which writ petition is filed before the High Court	**-**	3165
(vii)	Custom duty on Tug at Mundra Port	**-**	70
(viii)	Service Tax demand by The Suptd. Of Central Excise - Tuticorin – on Charter Hire Payments.	**-**	73
(ix)	Possible obligation in respect of matters under arbitration	**74**	78
(x)	Letters of Credit outstanding	**-**	502
(xi)	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 Group.	**434**	434
(xii)	Uncalled amount on partly paid shares held in United Shippers Limited.	**2160**	-

8. Fixed Assets :

(a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 111369 lakhs [Previous Year Rs. 144396 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. 3093 lakhs [Previous Year Rs. 1425 lakhs].

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

(d) The Group has recognised an impairment loss of Rs. 8755 lakhs in respect of three of the dry bulk carriers in accordance with the Accounting Standard (AS28) consequent to a sharp fall in the recoverable values of the said assets. In the opinion of the management, the book value of these assets, after correcting for the impairment recognised, are aligned closer to the market values and also broadly reflect the earnings expectations from them.

9. Deferred tax :

Pursuant to the introduction of Sec 115VA 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 is assessed on the basis of the deemed Tonnage Income and no deferred tax is applicable to this income as there are no timing differences. The deferred tax in respect of the non-shipping activities as at the year end is as under :

(Rs. in lakhs)

	Current Year	Previous Year
Deferred tax assets :		
Difference between book and tax depreciation	**15**	306
Expenditure disallowable under section 43B	**-**	11
Diminution in value of investments	**-**	90
Depreciation and business loss carried forward	**-**	642
Provision for doubtful debts and advances (Net)	**-**	4
	15	1053
Deferred tax liabilities :		
Deferred revenue expenditure on hold blasting, painting & refurbishment of rig	**-**	844
	-	844
Net deferred tax asset / (liability)	**15**	209

10. Provisions:

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

(Rs. in lakhs)

Description	Balance as on April 1, 2005	Additions during the year	Reversed / Paid during the year	Balance as on March 31, 2006
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.	166	140	129	177
Vessel Performance / Offhire Claims Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute.	861	566	616	811

11. Investments :

Investments 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)

	Current Year		Previous Year	
	***United Shippers Ltd.**	**Business Standard**	*United Shippers Ltd.	Business Standard
Book Value of Investments on Acquisition	**1442**	**218**	-	218
Goodwill	**3425**	**2184**	-	2184
Cost of Investment	**4867**	**2402**	-	2402
Share of Profit / (Loss) in Associates post acquisition	**-**	**(2402)**	-	(2290)
Share of Profit / (Loss) in Associates for the year	**47**	**25**	-	(112)
Carrying Cost	**4914**	**25**	-	-

*United Shippers Ltd. has become an associate company on December 07, 2005.

12. Hedging Contracts

(a) The Group is hedging import of bunker by way of commodity futures contracts. The particulars of the futures contracts for the year are as under :

	Current Year		Previous Year	
Details	**Purchase**	**Sales**	Purchase	Sales
Total No. of contracts entered during the year	**5**	**-**	-	-
No. of units in MT under above contracts	**31000**	**-**	-	-
Total No.of contracts outstanding as on March 31	**1**	**-**	-	-
No. of units in MT under above contracts	**6000**	**-**	-	-

(b) The Group uses forward exchange contracts to hedge its foreign exchange exposure. The particulars of the forward exchange contracts for the year are as under :

	Current Year		Previous Year	
Details	**Purchase**	**Sales**	Purchase	Sales
Total No. of contracts entered during the year	**74**	**189**	120	222
Foreign currency value covered				
US Dollar (million)	**206.374**	**329.010**	170.879	329.010
Japanese Yen (million)	**218.600**	**-**	456.360	-
Sterling Pounds (million)	**-**	**10.000**	-	1.000
Norwegian Kroners (million)	**-**	**-**	160.181	-
Singapore Dollars (million)	**-**	**-**	0.582	-
Total No. of contracts outstanding as on March 31	**-**	**53**	2	83
Foreign Currency Value				
US Dollar (million)	**-**	**99.500**	2	135.500
Japanese Yen (million)	**-**	**-**	224.060	-

(c) Un-hedged foreign currency exposure as on March, 31 2006 :

Amount in equivalent US Dollar

	Current Year in millions	Previous Year in millions
Loans liabilities and payables	**405.575**	435.302
Current Assets	**17.927**	58.357

13. Segment Reporting :

The Company is engaged only in shipping business and subsequent to de-merger of the Offshore Service Business, which was a separate segment as per Accounting Standard 17 'Segment Reporting', the Company operates only in Shipping Business and there are no separate reportable segments.

(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	**245941**	170228	**–**	38929	**–**	11547	**245941**	220704
Less : inter segment revenue	**–**	–	**–**	–	**–**	–	**–**	472
Net Revenue	**245941**	170228	**–**	38929	**–**	11547	**245941**	220232
RESULTS :								
Profit / (Loss) before tax and interest	**98835**	76531	**–**	14648	**–**	3181	**98835**	94360
Less : Interest							**9758**	8410
Less : Unallocated expenditure							**–**	3616
Total Profit before tax							**89077**	82334
Provision for tax–								
– current							**2820**	2475
– deferred							**414**	(4722)
– fringe benefit tax							**227**	–
Profit for the year after tax							**85616**	84581
Prior period adjustments							**(490)**	(777)
Share in profit / (loss) of associates							**72**	(112)
Minority Interest							**14**	(13)
Net Profit							**85212**	83679
OTHER INFORMATION :								
Assets	**465774**	282402	**–**	77973	**–**	107299	**465774**	467674
Liabilities	**223736**	173099	**–**	33046	**–**	42835	**223736**	248980
Capital Expenditure	**94628**	82538	**–**	16688	**–**	540	**94628**	99766
Depreciation	**28305**	24998	**–**	3129	**–**	668	**28305**	28795

(b) Secondary segment reporting by geographical segment :

(i) 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.

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

14. Related Party Disclosures :

(i) List of Related Parties

a) Related parties with whom transactions have taken place during the year

Associates :

Business Standard Ltd.

United Shippers Limited

United Shippers FZC

Key Management Personnel :

Mr. K. M. Sheth – Executive Chairman

Late Shri S. J. Mulji – Executive Deputy Chairman (up to July 15, 2005)

Mr. Bharat K. Sheth – Deputy Chairman and Managing Director

Mr. Ravi K. Sheth – Executive Director

Relatives of Key Management Personnel :

Mr. Sevantilal M. Sheth – brother of Executive Chairman.

Ms. Rosaleen S. Mulji – widow of late Shri S. J. Mulji, Executive Deputy Chairman

(ii) Transactions with related parties :

(Rs. in lakhs)

Nature of transaction	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
Services rendered: – United Shippers Ltd.–Rs.498 lakhs – United Shippers FZC,Dubai – Rs.154 lakhs	**–**	–	**653**	–	**–**	–	**3**	–	**656**	–
Services received: – Late Shri S.J.Mulji	**–**	–	**–**	–	**2**	4	**–**	–	**2**	4
Finance received (including loans,repayment of loans and equity contributions) – Late Shri S.J.Mulji.	**–**	–	**–**	–	**12**	–	**–**	–	**12**	–
Finance provided (including loans and equity contributions) – United Shippers Ltd.	**–**	–	**4867**	–	**–**	–	**–**	–	**4867**	–
Remuneration : – Shri.K.M.Sheth – Rs.298 lakhs – Late Shri S.J.Mulji – Rs.80 lakhs – Shri.B.K.Sheth – Rs.361 lakhs – Shri.R.K.Sheth – Rs.142 lakhs – Ms.Rosaleen S.Mulji – Rs.243 lakhs	**–**	–	**–**	–	**880**	2316	**249**	8	**1129**	2324
Outstanding balance as on 31.03.2006: **Receivables:**	**–**	–	**–**	–	**–**	12	**–**	–	**–**	12
Sundry Debtors : – United Shippers Ltd.-Rs.48 lakhs – United Shippers FZC,Dubai – Rs.49 lakhs	**–**	–	**97**	–	**–**	–	**–**	–	**97**	–

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

15. The Group has curtailed the useful life of its Single Hull Crude Oil Tankers to March 31, 2010. Consequent to the change in useful life, depreciation for the current year is higher by Rs. 1978 lakhs and the profit for the year is lower to that extent.

    The Group has also changed the life of Gas Carriers from 27 years to 27-30 years. This change has no impact on the profits for the year as the change will be applicable only to Gas Carriers acquired after April 01, 2006.

16. Basic and diluted earnings per share:

(Rs. in lakhs)

	Current Year	Previous Year
(a) Profit for the year after tax	**85616**	84581
(Less)/Add : Prior period adjustments	**(490)**	(777)
Share in profit/(loss) associates	**72**	(112)
Minority Interest	**14**	(13)
	85212	83679
Less : Interim dividend on Preference Shares	**–**	253
Tax on interim dividend on Preference Shares	**–**	33
Net Profit after tax for Equity Shareholders	**85212**	83393
(b) Number of Equity shares as on April 1, 2005	**19,03,39,975**	19,03,27,015
Less: Shares transferred on De-merger	**3,80,67,995**	–
	15,22,71,980	19,03,27,015
Add: Shares allotted out of abeyance quota	**1,944**	12,960
Number of Equity shares as on March 31, 2006	**15,22,73,924**	19,03,39,975
Weighted average number of Equity Shares Outstanding during the year	**15,22,73,700**	19,03,35,982
(c) Face value of Equity Share	**Rs. 10**	Rs. 10
(d) Basic and diluted earnings per share	**Rs. 55.96**	Rs. 43.81

17. Previous Year's figures have been regrouped wherever necessary to conform to current years classification.

Consolidated Cash Flow Statement for the year ended on March 31, 2006.

(Rs. in lakhs)

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX :	**89077**	82334
ADJUSTMENTS FOR :		
Prior year adjustments	**184**	(777)
Depreciation including impairment	**37061**	28795
Interest earned	**(6343)**	(2188)
Interest paid	**9757**	8410
Dividend received	**(842)**	(1091)
Profit on investments (Net)	**(39)**	(67)
Profit on sale of sundry assets	**(130)**	(889)
Share issue expenses written off	**–**	9
De-merger expenses written off	**715**	–
Doubtful debts & advances written off/ provided	**719**	173
Bad debts written off	**23**	–
Deferred Revenue Expenditure written off	**147**	268
Foreign exchange	**241**	1534
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**130570**	116511
ADJUSTMENTS FOR :		
Trade & Other Receivables	**6633**	(10518)
Inventories	**(963)**	1914
Incomplete Voyages (Net)	**(1347)**	1924
Trade Payables	**6130**	6241
CASH GENERATED FROM OPERATIONS :	**141023**	116072
Tax Paid	**(3842)**	(3016)
NET CASH FLOW FROM OPERATING ACTIVITIES :	**137181**	113056
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(91252)**	(100396)
* Sale proceeds of fixed assets	**31718**	7056
Purchase of Investments	**(155726)**	(67610)
Sale proceeds of Investments	**142811**	103641
Interest received	**5512**	1570
Dividend received	**842**	1091
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**(66095)**	(54648)

(Rs. in lakhs)

	Current Year	Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares	–	9
Proceeds from issue of equity shares from abeyance quota	–	1
Redemption of preferecnce shares	–	(7500)
Proceeds from long term borrowings	**58333**	85762
Repayments of long term borrowings	**(59150)**	(23583)
Dividend paid	**(16706)**	(19419)
Tax on Dividend paid	**(2359)**	(2501)
Interest paid	**(10066)**	(7817)
Demerger expenses	**(715)**	–
Net cash outflow on demerger of offshore division	**(5611)**	–
NET CASH FROM/(USED IN) IN FINANCING ACTIVITIES :	**(36274)**	24952
Net increase / (decrease) in cash and cash equivalents :	**34812**	83360
Cash and cash equivalents as at April 1, 2005 (See note below)	**108568**	24867
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, 2006 (See note below)	**143380**	108568

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

Note :

Cash and cash evivalents as on	March 31, 2006	March 31, 2005
Cash and bank balances	**141791**	107388
Effect of exchange rate changes [Loss/(gain)]	**1589**	1180
Cash and cash equivalents as restated	**143380**	108568

As per our Report attached hereto
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner
Mumbai , October 27, 2006.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board
K. M. Sheth Executive Chairman
Bharat K. Sheth Deputy Chairman & Managing Director
R. N. Sethna Director

Mumbai , October 27, 2006.

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.	Greatship (India) Ltd.	P & O Travel India Ltd.	The Great Eastern Chartering LLC - (FZC)
2.	Financial Year ended	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006
3.	Date from which it became a Subsidiary	July 3, 1985	March 28, 1994	June 26, 2002	June 18, 2004	November 1, 2004
4.	Extent of interest of the Holding Company in the capital of the Subsidiary	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	Rs. 11,30,26,376	Rs. 36,59,896	Rs. (28,073)	Rs. (37,09,764)	Rs. 2,20,08,365
	(ii) Previous Year since it became Subsidiary	Rs. 27,01,91,120	Rs. 1,84,31,939	Rs. (25,528)	Rs. 47,38,739	Rs. 4,36,06,456*
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	–	–	–	–	–

* Period of 5 months

For and on behalf of the Board

K. M. Sheth — Executive Chairman

Bharat K. Sheth — Dy. Chairman & Managing Director

Jayesh M. Trivedi
Company Secretary

R. N. Sethna — Director

Mumbai, October 27, 2006

Subsidiaries

Integration is the key to one's strength and momentum.

THE GREAT EASTERN SHIPPING CO. LONDON LTD.

A Subsidiary Company

DIRECTORS	B.K. Sheth V.K. Sheth M. J. Brace P.B. Kerr-Dineen
REGISTERED OFFICE	The Galleries Charters Road Sunningdale Ascot Berkshire SL5 9QJ
REGISTERED NUMBER	1877474 (England and Wales)
AUDITORS	Davis Burton Sellek & Co. 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, 2006

The directors present their report with the financial statements of the Company for the year ended March 31, 2006.

PRINCIPAL ACTIVITIES

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

Following the disposal of the Company's sole remaining ship, normal trading activities were in suspension at the end of the financial 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 both high charter rates and a firm market for second hand ship sales.

DIRECTORS

The directors during the year under review were:

B. K. Sheth

V. K. Sheth

M. J. Brace

P. B. Kerr – Dineen

S. J. Mulji	deceased 16.7.05
W. R. Horkey	resigned 2.2.06

The directors holding office at 31 March 2006 did not hold any beneficial interest in the issued share capital of the Company at 1 April 2005 or 31 March 2006.

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 31 March 2006.

FUTURE DEVELOPMENTS

The likely developments in the operations of the Company and the expected results of these operations in the financial years subsequent to the year ended 31 March 2006 are as follows:

Although limited opportunities exist to acquire further ships at reasonable prices, the directors will continue to monitor the market closely. In the meantime, available funds are being held on short term deposit.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

AUDITORS

The auditors, Davis Burton Sellek & Co., 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
August 24, 2006

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

We have audited the financial statements of The Great Eastern Shipping Co. London Ltd. for the year ended 31 March 2006 on pages five to fifteen. These financial statements have been prepared under the accounting policies set of 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 the 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 pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available to Small Entities, in the circumstances set out in note seventeen to the financial statements.

Opinion

In our opinion the financial statements:

– give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and

– have been properly prepared in accordance with the Companies Act 1985.

Davis Burton Sellek & Co.
The Galleries
Charters Road
Sunningdale
Berkshire SL5 9QJ

August 24, 2006.

Profit and Loss Account for the year ended March 31, 2006

	Notes	2006 US$	2006 INR	2005 US$	2005 INR
TURNOVER	2	**6,006,401**	**265,723,180**	4,540,934	203,978,755
Cost of Sales		**3,067,700**	**135,715,048**	1,854,998	83,326,510
GROSS PROFIT		**2,938,701**	**130,008,132**	2,685,936	120,652,245
Administrative expenses		**296,451**	**13,114,992**	301,747	13,554,475
		2,642,250	**116,893,140**	2,384,189	107,097,770
Other operating income		**435**	**19,244**	–	–
OPERATING PROFIT	4	**2,642,685**	**116,912,384**	2,384,189	107,097,770
Interest receivable and similar income		**243,928**	**17,633,065**	125,297	2,689,678
		2,886,613	**134,545,449**	2,509,486	109,787,448
Interest payable and similar charges	5	**–**	**–**	761	34,184
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,886,613**	**134,545,449**	2,508,725	109,753,264
Tax on profit on ordinary activities		**6,480,377**	**21,519,073**	571,394	24,998,488
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		**2,406,236**	**113,026,376**	1,937,331	84,754,776
Retained profit brought forward		**6,175,876**	**270,191,120**	4,238,545	185,436,344
		8,582,112	**383,217,496**	6,175,876	270,191,120
Transfer from dividend equalisation reserve		**40,000**	**1,750,000**	–	–
RETAINED PROFIT CARRIED FORWARD		**$8,622,112**	**384,967,496**	$6,175,876	270,191,120

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, 2006

	Notes	2006 US$	2006 INR	2005 US$	2005 INR
FIXED ASSETS					
Tangibe assets	7	**12,708**	**553,498**	684,376	29,937,995
CURRENT ASSETS					
Debtors	8	**2,354**	**105,035**	133,639	5,846,706
Cash at Bank and in hand		**9,713,194**	**433,402,716**	6,377,776	279,027,700
		9,715,548	**433,507,751**	6,511,415	284,874,406
CREDITORS					
Amounts falling due within one year	9	**804,544**	**35,898,753**	581,015	25,419,406
NET CURRENT ASSETS		**8,911,004**	**397,608,998**	5,930,400	259,455,000
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,923,712**	**398,162,496**	6,614,776	289,392,995
PROVISIONS FOR LIABILITIES AND CHARGES	11	**–**	**–**	97,300	4,256,875
		$8,923,712	**398,162,496**	$6,517,476	285,136,120
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
Profit and loss account		**8,622,112**	**384,967,496**	6,175,876	270,191,120
SHAREHOLDERS' FUNDS	18	**$8,923,712**	**398,162,496**	$6,517,476	285,136,120

ON BEHALF OF THE BOARD

Bharat Sheth - Director
Approved by the Board on May 4, 2006.

Cash Flow Statement for the year ended March 31, 2006

	Notes	2006 US$	2006 INR	2005 US$	2005 INR
Net cash inflow from operating activities	1	**(595,313)**	**(26,282,946)**	2,322,983	104,426,393
Returns on investments and servicing of finance	2	**243,928**	**17,881,984**	124,536	2,658,421
Taxation	2	**(430,375)**	**(19,039,790)**	–	–
Capital expenditure	2	**4,112,154**	**181,591,597**	(2,504)	(112,480)
		3,330,394	**154,150,845**	2,445,015	106,972,334
Management of liquid resources	2	**5,024**	**224,171**	8,143	356,256
Financing	2	**–**	**–**	(2,502)	(112,390)
Increase in cash in the period		**$3,335,418**	**154,375,016**	$2,450,656	107,216,200

	Notes	2006 US$	2006 INR	2005 US$	2005 INR
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		**3,335,418**	**154,375,016**	2,450,656	107,216,200
Cash inflow from decrease in debt and lease financing		**–**	**–**	2,502	112,390
Change in net funds resulting from cash flows		**3,335,418**	**154,375,016**	2,453,158	107,328,590
Movement in net funds in the period		**3,335,418**	**154,375,016**	2,453,158	107,328,590
Net funds at 1 April		**6,377,776**	**279,027,700**	3,924,618	171,699,110
Net funds at 31 March		**$9,713,194**	**433,402,716**	$6,377,776	279,027,700

The notes form part of these financial statements

Notes to the Cash Flow Statement for the year ended March 31, 2006

	2006 US$	2006 INR	2005 US$	2005 INR
I) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating profit	**2,642,685**	**116,912,384**	2,384,189	107,097,770
Depreciation charges	**3,519**	**155,681**	5,458	245,173
Profit on sale of fixed assets	**(3,444,005)**	**(152,362,781)**	-	-
Decrease in debtors	**131,285**	**5,741,671**	(63,561)	(2,780,794)
Decrease in creditors	**71,203**	**3,270,099**	(3,103)	(135,756)
Net cash inflow from operating activities	**(595,313)**	**(26,282,946)**	2,322,983	104,426,393
2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT				
Returns on investments and servicing of finance				
Interest received	**273,014**	**12,078,139**	92,560	4,157,795
Foreign exchange gains/(losses)	**(29,086)**	**5,803,845**	32,737	(1,465,190)
Interest element of hire purchase or finance lease rental payments	-	-	(761)	(34,184)
Net cash inflow for returns on investments and servicing of finance	**243,928**	**17,881,984**	124,536	2,658,421
Taxation				
Payment of Corporation Tax	**(430,375)**	**19,039,790**	-	-
Net cash outflow from taxation	**(430,375)**	**19,039,790**	-	-
Capital expenditure				
Purchase of tangible fixed assets	**(168)**	**(7,432)**	(2,504)	(112,480)
Sale of tangible fixed assets	**4,112,322**	**181,599,029**	-	-
Net cash outflow for capital expenditure	**4,112,154**	**181,591,597**	(2,504)	(112,480)
Management of liquid resources				
Amounts owed to/(by) group undertakings	**5,024**	**224,171**	8,143	356,256
Net cash inflow from management of liquid resources	**5,024**	**224,171**	8,143	356,256
Financing				
HP Repayments	**-**	**-**	(2,502)	(112,390)
Net cash outflow from financing	-	-	(2,502)	(112,390)

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.05 $	Cash Flow $	**At 31.3.06 $**
Net Cash			
Cash at bank and in hand	6,377,776	3,335,418	**9,713,194**
	6,377,776	3,335,418	**9,713,194**
Debt			
Hire Purchase or financial leases	-	-	**-**
Total	6,377,776	3,335,418	**9,713,194**
Analysed in Balance Sheet			
Cash at bank and in hand	6,377,776		**9,713,194**
	6,377,776		**9,713,194**
Net Cash			
Cash at bank and in hand	279,027,700	154,375,016	**433,402,716**
	279,027,700	154,375,016	**433,402,716**
Debt			
Hire Purchase or financial leases	-	-	**-**
Total	279,027,700	154,375,016	**433,402,716**
Analysed in Balance Sheet			
Cash at bank and in hand	279,027,700		**433,402,716**
	279,027,700		**433,402,716**

The notes form part of these financial statements

Notes to the Financial Statements for the year ended March 31, 2006

1. ACCOUNTING POLICIES

Accounting convention

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, commissions receivable in respect of fixtures arranged for third parties, and profits realised on the sale of ships.

Tangible fixed assets

Depreciation is provided at the following annual rates 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 US 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 capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

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

Pension Costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. 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

	2006 US$	**2006 INR**	2005 US$	2005 INR
Wages and salaries	**99,151**	**4,386,440**	105,485	4,738,386
Social Security costs	**10,470**	**463,193**	11,212	503,643
Other pension costs	**39,183**	**1,733,456**	53,173	2,388,531
	148,804	**6,583,089**	169,870	7,630,560

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

	2006	2005
Staff (including directors)	6	8

4. OPERATING PROFIT

The operating profit is stated after charging:

	2006 US$	2006 INR	2005 US$	2005 INR
Depreciation - owned assets	**3,519**	**155,681**	5,458	245,173
Profit on disposals of fixed assets	**(2,969)**	**(131,349)**	-	-
Auditors' remuneration	**6,000**	**265,440**	6,000	269,520
Non-audit work	**39,817**	**1,761,502**	38,983	1,751,116
Directors' emoluments	**-**	**-**	-	-

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 US$	2006 INR	2005 US$	2005 INR
Hire purchase	**-**	**-**	761	34,184

6. TAXATION

Analysis of the tax charge

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

	2006 US$	2006 INR	2005 US$	2005 INR
Current Tax				
UK corporation tax	**577,677**	**25,775,948**	474,094	20,741,613
Deferred taxation	**(97,300)**	**(4,256,875)**	97,300	4,256,875
Tax on profit on ordinary activities	**480,377**	**21,519,073**	571,394	24,998,488

UK corporation tax has been charged at 30% (2005 - 30%)

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2006 US$	2006 INR	2005 US$	2005 INR
Profit on ordinary activities before tax	**2,886,613**	**134,545,449**	2,508,725	109,753,264
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	**865,984**	**38,530,649**	752,618	33,252,911
Effects of:				
Adjustment to tax charge in respect of previous periods	**(43,718)**	**(1,934,084)**	21,128	949,070
Utilisation of capital gains tax losses and indexation	**(322,851)**	**(14,282,928)**	-	-
Utilisation of past trading losses	**-**	**-**	(102,065)	(4,584,760)
Utilisation of surplus Advance Corporation Tax	**-**	**-**	(163,718)	(7,354,213)
Expenses not deductible for tax purposes	**400**	**17,696**	677	30,411
Movement of capital allowances in relation to depreciation	**77,862**	**3,444,615**	(34,546)	(1,551,806)
Current tax charge	**577,677**	**25,775,948**	474,094	20,741,613

7. TANGIBLE FIXED ASSETS

	Ships	Fixtures and fittings	Motor vehicles	Totals
	$	$	$	$
COST:				
At I April 2005	2,764,412	50,660	88,729	2,903,801
Additions	-	168	-	168
Disposals	(2,764,412)	-	(65,727)	(2,830,139)
At 31 March 2006	-	50,828	23,002	73,830
DEPRECIATION:				
At I April 2005	2,099,210	40,059	80,157	2,219,426
Charge for year	-	2,154	1,365	3,519
Eliminated on disposals	(2,099,210)	-	(62,613)	(2,161,823)
At 31 March 2005	-	42,213	18,909	61,122
NET BOOK VALUE:				
At 31 March 2006	-	8,615	4,093	12,708
At 31 March 2005	665,202	10,601	8,573	684,376

COST:				
At 1 April 2005	120,943,025	2,219,305	3,881,894	127,044,224
Additions	-	7,432	-	7,432
Disposals	(120,943,025)	-	(2,875,556)	(123,818,581)
At 31 March 2006	-	2,226,737	1,006,338	3,233,075
DEPRECIATION:				
At 1 April 2005	91,840,438	1,755,624	3,510,167	97,106,229
Charge for year	-	95,293	60,388	155,681
Eliminated on disposal	(91,840,438)	-	(2,741,895)	(94,582,333)
At 31 March 2006	-	1,850,917	828,660	2,679,577
NET BOOK VALUE:				
At 31 March 2006	-	375,820	177,678	553,498
At 31 March 2005	29,102,587	463,681	371,727	29,937,995

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 US$	**2006 INR**	2005 US$	2005 INR
VAT	**2,354**	**105,035**	1,298	56,788
Other debtors	**-**	**-**	-	-
Prepayments	**-**	**-**	132,341	5,789,918
	2,354	**105,035**	133,639	5,846,706

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 US$	**2006 INR**	2005 US$	2005 INR
Social security & other taxes	**1,792**	**79,959**	2,087	91,306
Owed to group undertaking	**5,024**	**224,171**	-	-
Taxation	**621,396**	**27,726,690**	474,094	20,741,613
Accrued expenses	**176,332**	**7,867,933**	104,834	4,586,487
	804,544	**35,898,753**	581,015	25,419,406

10. OPERATING LEASE COMMITMENTS

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

	Land and buildings operating leases			
	2006 US$	**2006 INR**	2005 US$	2005 INR
Expiring:				
Between one and five years	**20,619**	**920,020**	22,393	979,694

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2006 US$	**2006 INR**	2005 US$	2005 INR
Deferred taxation	**-**	**-**	97,300	4,256,875

	Deferred tax US$	INR
Balance at 1 April 2005	97,300	4,256,875
Reversal of accelerated capital allowances	(97,300)	(4,256,875)
Balance at 31 March 2006	-	-

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal Value:	**2006 US$**	**2006 INR**	2005 US$	2005 INR
16,000	Ordinary	£10	**301,600**	**13,195,000**	301,600	13,195,000

13. DIVIDEND EQUALISATION RESERVE

	2006 US$	**2006 INR**	2005 US$	2005 INR
Brought forward	**40,000**	**1,750,000**	40,000	1,750,000
Transfer to profit & loss account	**(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.

I5. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2006 other than 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. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 US$	**2006 INR**	2005 US$	2005 INR
Profit for the financial year	**2,406,236**	**113,026,376**	1,937,331	84,754,776
Net addition to shareholders' fund	**2,406,236**	**113,026,376**	1,937,331	84,754,776
Opening shareholders' funds	**6,517,476**	**285,136,120**	4,580,145	200,381,344
Closing shareholder's funds	**8,923,712**	**398,162,496**	6,517,476	285,136,120
Equity interests	**8,923,712**	**398,162,496**	6,517,476	285,136,120

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.

Directors' Report

The directors present their report to the member together with the audited financial statements of the Company for the financial year ended 31 March 2006.

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 and 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, except as disclosed in the financial statements.

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

16 June 2006

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 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2006 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 16 June 2006.

On behalf of the Board

Naware Pradyumna Raghunath
Director

Jaya Prakash
Director

16 June 2006

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

We have audited the financial statements of THE GREATSHIP (SINGAPORE) PTE. LTD. as set out on pages 6 to 23 for the year ended 31 March 2006. 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 2006 and the results, changes in equity and cash flows 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
16 June 2006

Balance Sheet as at March 31, 2006

	Note	2006 S$	2006 Rs.	2005 S$	2005 Rs.
NON-CURRENT ASSET					
Plant and equipment	3	**16,579**	**457,415**	28,809	764,879
CURRENT ASSETS					
Cash and cash equivalents	4	**1,313,386**	**36,236,320**	1,225,350	32,533,043
Trade receivables	5	**1,463**	**40,364**	14,357	381,178
Other receivables	6	**43,410**	**1,197,682**	53,105	1,409,938
Amount owing by holding company	7	**—**	**—**	20	531
Amount owing by a related party	8	**17,163**	**473,527**	—	—
		1,375,422	**37,947,893**	1,292,832	34,324,690
CURRENT LIABILITIES					
Trade payables	9	**27,566**	**760,547**	40,662	1,079,576
Other payables	10	**51,252**	**1,414,043**	56,277	1,494,154
Amount owing to holding company	7	**27,526**	**759,442**	—	—
Provision for taxation		**26,302**	**725,672**	38,000	1,008,900
		132,646	**3,659,704**	134,939	3,582,630
NET CURRENT ASSETS		**1,242,776**	**34,288,189**	1,157,893	30,742,060
NET ASSETS		**1,259,355**	**34,745,604**	1,186,702	31,506,939
SHAREHOLDER'S EQUITY					
Share capital	11	**500,000**	**13,075,000**	500,000	13,075,000
Retained profits		**759,355**	**21,670,604**	686,702	18,431,939
TOTAL EQUITY		**1,259,355**	**34,745,604**	1,186,702	31,506,939

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, 2006

	Note	2006 S$	2006 Rs.	2005 S$	2005 Rs.
REVENUE					
Agency income		**219,437**	**6,054,267**	247,327	6,566,532
Disbursement income		**876,387**	**24,179,517**	1,114,094	29,579,196
Interest income		**15,627**	**431,149**	5,254	139,494
Other income		**23,128**	**638,102**	24,418	648,298
Total revenue		**1,134,579**	**31,303,035**	1,391,093	36,933,520
COSTS AND EXPENSES					
Disbursement expenses		**730,724**	**20,160,675**	919,742	24,419,150
Depreciation of plant and equipment	3	**13,057**	**360,243**	12,663	336,203
Exchange loss		**3,794**	**104,676**	3,640	96,642
Staff and related costs		**146,581**	**4,044,170**	142,362	3,779,711
Operating expenses		**81,770**	**2,256,035**	83,959	2,229,111
Total costs and expenses		**975,926**	**26,925,799**	1,162,366	30,860,817
PROFIT BEFORE TAXATION	12	**158,653**	**4,377,236**	228,727	6,072,703
TAXATION	13	**(26,000)**	**(717,340)**	(37,720)	(1,001,466)
PROFIT FOR THE YEAR		**132,653**	**3,659,896**	191,007	5,071,237

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, 2006

	Share capital S$	Share capital Rs.	Retained profits S$	Retained profits Rs.	Total S$	Total Rs.
2006						
Balance as at 1 April 2005	500,000	13,075,000	686,702	18,431,939	1,186,702	31,506,939
Foreign translation difference	-	-	-	1,234,169	-	1,234,169
Profit for the year	-	-	132,653	3,659,896	132,653	3,659,896
Dividend of 15 cents per share less tax at 20%	-	-	(60,000)	(1,655,400)	(60,000)	(1,655,400)
Balance as at 31 March 2006	500,000	13,075,000	759,355	21,670,604	1,259,355	34,745,604
2005						
Balance as at 1 April 2004	500,000	13,075,000	555,695	14,531,424	1,055,695	27,606,424
Foreign translation difference	-	-	-	422,278	-	422,278
Profit for the year	-	-	191,007	5,071,237	191,007	5,071,237
Dividend of l5 cents per share 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

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, 2006

	Note	**2006 S$**	**2006 Rs.**	2005 S$	2005 Rs.
Cash flows from operating activities					
Profit for the year		**158,653**	**4,377,236**	228,727	6,072,703
Adjustments for:					
Depreciation of plant and equipment		**13,057**	**360,243**	12,663	336,203
Exchange loss		**1,614**	**44,530**	3,640	96,642
Interest income		**(15,627)**	**(431,149)**	(5,254)	(139,494)
Cash flows generated from operations before changes in working capital		**157,697**	**4,350,860**	239,776	6,366,054
Working capital changes, excluding changes relating to cash:					
Trade receivables		**12,894**	**355,745**	(3,779)	(100,332)
Other receivables		**9,695**	**267,485**	5,371	142,600
Amount owing by holding company		**20**	**552**	983	26,099
Amount owing by a related party		**(17,162)**	**(473,500)**	-	-
Trade payables		**(13,096)**	**(361,319)**	(28,333)	(752,241)
Other payables		**(5,025)**	**(138,639)**	(45,492)	(1,207,813)
Amount owing to holding company		**27,526**	**759,442**	-	-
Cash generated from operations		**172,549**	**4,760,626**	168,526	4,474,367
Income tax paid		**(37,699)**	**(1,040,088)**	(70,720)	(1,877,616)
Interest received		**15,627**	**431,149**	5,254	139,494
Net cash generated from operating activities		**150,477**	**4,151,687**	103,060	2,736,245
Cash flows from investing activity					
Purchase of plant and equipment		**(827)**	**(22,8l7)**	(33,954)	(901,478)
Net cash absorbed by investing activity		**(827)**	**(22,8l7)**	(33,954)	(901,478)
Cash flows from financing activity					
Dividend paid		**(60,000)**	**(1,655,400)**	(60,000)	(1,593,000)
Net cash absorbed by financing activity		**(60,000)**	**(1,655,400)**	(60,000)	(1,593,000)
Net increase in cash and cash equivalents		**89,650**	**2,473,470**	9,106	241,767
Unrealised exchange loss on cash and cash equivalents		**(1,614)**	**(44,530)**	(3,640)	(96,642)
Cash and cash equivalents at the beginning of the year		**1,225,350**	**33,807,380**	1,219,884	32,387,918
Cash and cash equivalents at the end of the year	4	**1,313,386**	**36,236,320**	1,225,350	32,533,043

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

Notes to the Financial Statements - March 31, 2006

1. CORPORATE INFORMATION

The Greatship (Singapore) Pte. Ltd. is incorporated and domiciled in Singapore. 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.

The financial statements of The Greatship (Singapore) Pte. Ltd. as at 31 March 2006 and for the year then ended were authorised and approved by the Board of Directors for issuance on 16 June 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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.27.59 (2005: S$1= Rs.26.55).

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January I, 2005. The adoption of these new and revised FRSs and INT FRSs have no material effect on the financial statements.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company. In preparing the financial statements of the Company, 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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. 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	$33^1/_3$%
Renovation	$33^1/_3$%
Office equipment	20%

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. 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 initially at fair value less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at original effective interest rate. The amount of the allowance is recognised in the income statement.

(g) **Trade and other payables**

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

(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 to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

(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. A provision is made for the estimated liability for annual 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$
2006					
Cost					
At 1 April 2005	10,631	8,592	42,091	12,298	73,612
Additions	380	447	-	-	827
At 31 March 2006	11,011	9,039	42,091	12,298	74,439
Accumulated depreciation					
At 1 April 2005	8,863	8,519	22,424	4,997	44,803
Charge for the year	1,547	371	9,439	1,700	13,057
At 31 March 2006	10,410	8,890	31,863	6,697	57,860
Net book value					
At 31 March 2006	601	149	10,228	5,601	16,579
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
Accumulated depreciation					
At I 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
2006					
Cost					
At I April 2005	282,253	228,118	1,117,516	326,512	1,954,399
Additions	10,484	12,333	-	-	22,817
Foreign translation difference	11,056	8,935	43,775	12,790	76,556
At 31 March 2006	303,793	249,386	1,161,291	339,302	2,053,772
Accumulated depreciation					
At I April 2005	235,313	226,179	595,357	132,671	1,189,520
Charge for the year	42,682	10,236	260,422	46,903	360,243
Foreign translation difference	9,217	8,860	23,321	5,196	46,594
At 31 March 2006	287,212	245,275	879,100	184,770	1,596,357
Net book value					
At 31 March 2006	16,581	4,111	282,191	154,532	457,415
2005					
Cost					
At I 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
Accumulated depreciation					
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

4. CASH AND CASH EQUIVALENTS

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Cash in hand	**11**	**303**	323	8,576
Cash at bank	**849,135**	**23,427,635**	768,315	20,398,763
Fixed deposit	**464,240**	**12,808,382**	456,712	12,125,704
	1,313,386	**36,236,320**	1,225,350	32,533,043

The carrying amounts of cash and cash equivalents approximate their fair value.

Short-term bank deposits at the balance sheet date have an average maturity of 3 months (2005: 3 months) from the end of the financial year with weighted average effective interest rate of 1.63% (2005: 1.03%).

The Company's cash at bank are denominated in the following currencies:

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Singapore dollars	**1,123,892**	**31,008,181**	1,037,174	27,536,970
United States dollars	**189,494**	**5,228,139**	188,176	4,996,073
	1,313,386	**36,236,320**	1,225,350	32,533,043

5. TRADE RECEIVABLES

The carrying amounts of trade receivables approximate their fair value.

6. OTHER RECEIVABLES

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Other debtors	**7,435**	**205,132**	10,410	276,386
Deposits	**32,320**	**891,709**	39,048	1,036,724
Prepayments	**3,655**	**100,841**	3,647	96,828
	43,410	**1,197,682**	53,105	1,409,938

The carrying amounts of other receivables approximate their fair value.

7. AMOUNT OWING BY/(TO) HOLDING COMPANY

The immediate and ultimate holding company is The Great Eastern Shipping Company Limited, a company incorporated in India.

The carrying amounts owing by/(to) holding company approximate their fair value. The amount owing by/(to) holding company is unsecured, interest free and has no fixed terms of repayment.

8. AMOUNT OWING BY A RELATED PARTY

The amounts owing by related parties are trade in nature, interest free, unsecured and have no fixed terms of repayment. The carrying amount owing by related parties approximate its fair value.

9. TRADE PAYABLES

The carrying amounts of trade payables approximate their fair values.

10. OTHER PAYABLES

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Accruals	**48,387**	**1,334,998**	47,961	1,273,364
Other creditors	**2,865**	**79,045**	8,316	220,790
	51,252	**1,414,043**	56,277	1,494,154

The carrying amounts of other payables approximate their fair value.

11. SHARE CAPITAL

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Issued and fully paid				
500,000 ordinary shares	**500,000**	**13,075,000**	500,000	13,075,000

The Companies (Amendment) Act 2005 which came into force with effect from 30 January 2006 has removed the concept of par value and authorised capital.

12. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Director's fees	**3,500**	**96,565**	3,500	92,925
Office rental - operating lease	**32,518**	**897,172**	28,670	761,189
Staff CPF contribution	**16,267**	**448,807**	17,261	458,280

13. TAXATION

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Current year provision	**26,000**	**717,340**	38,000	1,008,900
Over provision for prior year	**-**	**-**	(280)	(7,434)
	26,000	**717,340**	37,720	1,001,466

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:

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Accounting profit	**158,653**	**4,377,236**	228,727	6,072,703
Income tax expense at applicable rate	**21,000**	**579,390**	35,000	929,250
Non allowable items	**3,500**	**96,565**	2,600	69,030
Temporary differences	**1,700**	**46,903**	(300)	(7,965)
Over provision in prior years	**-**	**-**	(280)	(7,434)
Others	**(200)**	**(5,518)**	700	18,585
	26,000	**717,340**	37,720	1,001,466

14. DIVIDENDS

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Ordinary dividend paid or proposed:				
Final dividends paid 15 cents per share, net of tax at 20% (2005: S$60,000)	**60,000**	**1,655,400**	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 2007.

15. RELATED PARTY TRANSACTIONS

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

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Holding Company				
Agency fees	**207,705**	**5,730,581**	226,313	6,008,610
Disbursement income	**809,368**	**22,330,463**	1,025,987	27,239,955
Related party				
Agency fees	**2,450**	**67,596**	-	-
Disbursement income	**3,393**	**93,613**	-	-
Management fee	**11,319**	**321,291**	-	-

16. OPERATING LEASE COMMITMENTS

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

	2006 S$	2006 Rs.	2005 S$	2005 Rs.
Due within one year	**32,518**	**897,172**	32,517	863,326
Due within two to five years	**10,839**	**299,048**	43,357	1,151,128
	43,357	**1,196,220**	75,874	2,014,454

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Liquidity risk

The Company has no significant liquidity risk.

b) 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. Thus 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.

c) Interest rate risk

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

d) Credit risk

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

e) Fair values

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

GREATSHIP (INDIA) LTD.
A Subsidiary Company

DIRECTORS	Bharat K. Sheth Ravi K. Sheth P. R. Naware Balan Wasudeo
REGISTERED OFFICE	Ocean House 134/A, Dr. Annie Besant Road Worli, Mumbai – 400 018
REGISTRATION NUMBER	U 63090 MH 2002 PLC 136326
Auditors	Kalyaniwalla & Mistry Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai - 400 023

DIRECTORS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Fourth Report, for the period ended March 31, 2006.

FINANCIAL RESULTS

Your Company for the year ended March 31, 2006 has incurred a loss of Rs. 28,073/-.

DIVIDEND

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

SHARE CAPITAL

During the year under review, the authorised share capital of the Company was increased from Rs. 5,00,000/- (Rupees Five Lakhs) to Rs. 1,00,00,000/- (Rupees One Crore) vide special resolution passed by the members at the Extra Ordinary General Meeting held on March 27, 2006. In order to augment additional resources for financing the increased activities of the Company, the Company proposes to make preferential allotment upto Rs. 95 lakhs to the parent company 'The Great Eastern Shipping Co. Ltd.'

CURRENT YEAR

Your Directors had proposed to explore the possibility of undertaking business relating to offshore services and drilling as one of its business activities. Accordingly, in order to make a specific provision for the same, the Object Clause of the Memorandum of Association was amended and the same was approved by the members at the Extra Ordinary General Meeting held on March 27, 2006.

With an increase in prices of oil and gas; exploration and production activities in oil field areas are expected to increase and there will be demand for oil field services. Considering the business potential in this area, the Company has placed an order with Aker Group for 2 New Building Platform Supply Vessels, which would be delivered in the second and third quarter of F.Y. 2008-09. The Company will pursue this activity in future as it has significant growth potential.

DIRECTORS

With effect from March 22, 2006, Mr. Vijay K. Sheth ceased to be a director of the Company and Mr. Ravi K. Sheth was appointed as the additional director.

Mr. Bharat 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 reappointment. 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 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 preparation of the annual accounts, the applicable accounting standards had been followed.
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 and

(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

P.R. Naware Director

Balan Wasudeo Director

Mumbai, April 17, 2006

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

1) We have audited the attached Balance Sheet of Greatship (India) Ltd., as at March 31, 2006 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, 2006; and

      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, 2006, 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, 2006, 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

Place: Mumbai
Date: 17th April 2006

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, 2006:

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 explanation given to us and the records examined by us, there are no dues of Sales tax, Income tax, Custom 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 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.

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 explanation 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 Govemment 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

Place: Mumbai
Date: 17th April 2006

Balance Sheet as at March 31, 2006.

	Schedule	As at March 31, 2006 Rupees	As at March 31, 2005 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	**486,047**	481,047
Loan and Advances	3	**-**	18,453
		486,047	499,500
Less : Current Liabilities and Provisions			
Current Liabilities	4	**39,648**	6,528
Provision for Tax	5	**-**	18,500
		39,648	25,028
Net Current Assets		**446,399**	474,472
Profit and Loss Account		**53,601**	25,528
TOTAL		**500,000**	500,000
Notes to 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 17, 2006

For and on behalf of the Board

Pradyumna R. Naware
Director

Balan Wasudeo
Director

Profit and Loss Account for the year ended March 31, 2006.

	Schedule	Year Ended March 31, 2006 Rupees	Year Ended March 31, 2005 Rupees
INCOME :		**-**	-
		-	-
EXPENDITURE :			
Audit Fees		**1,684**	1,653
Bank Charges		**26,436**	-
Miscellaneous Expenses		**-**	1,080
		28,120	2,733
Loss before tax		**28,120**	2,733
Excess provision for taxation written back		**(47)**	-
Loss for the year		**28,073**	2,733
Balance brought forward		**25,528**	22,795
Balance carried forward		**53,601**	25,528
Earning per share		**(0.56)**	(0.05)
Notes to Accounts	6		

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 17, 2006

For and on behalf of the Board

Pradyumna R. Naware
Director

Balan Wasudeo
Director

Schedules Annexed to and forming part of the Balance Sheet as at March 31, 2006

	As at March 31, 2006 Rupees	As at March 31, 2005 Rupees
SCHEDULE "1" :		
SHARE CAPITAL :		
AUTHORISED :		
10,00,000 (previous year 50,000) Equity Shares of Rs. 10 each	**10,000,000**	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.

SCHEDULE "2"		
CASH AND BANK BALANCES :		
Bank balance in		
- current account	**486,047**	481,047
	486,047	481,047
SCHEDULE "3"		
LOAN AND ADVANCES :		
(Unsecured -considered good unless otherwise stated)		
Advance tax & taxes deducted at source	**-**	18,453
	-	18,453
SCHEDULE "4"		
CURRENT LIABILITIES :		
Sundry Creditors (including Rs. 37,964/- due to the holding company)	**39,648**	6,528
	39,648	6,528
SCHEDULE "5"		
PROVISIONS :		
Provision for Taxation	**-**	18,500
	-	18,500

SCHEDULE "6"

NOTES TO ACCOUNTS

1. **Contingent Liabilities :**

   Guarantees given by bank in respect of a bid for tender - Rs.54,00,000/- (Previous Year Rs."NIL")

2. **Significant Accounting Policies :**

   (a) Accounting Convention :

   (i) The financial statements are prepared under the historical cost convention, on an accrual basis in accordance with Generally Accepted Accounting Principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India.

   (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.

3. **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.

4. **Earning per share :**

	As at March 31, 2006 Rupees	As at March 31, 2005 Rupees
Net Profit / (Loss) after tax	**(28,073)**	(2,733)
No. of Equity shares		
At the commencement of the year	**50,000**	50,000
Issued during the year	**-**	-
At the end of the year	**50,000**	50,000
Weighted average no. of equity shares outstanding during the year	**50,000**	50,000
Basic & diluted Earning per share (Face value Rs. 10)	**(0.56)**	(0.05)

5. **Related party disclosure :**

   i) List of the related party

      (a) Holding Company
      The Great Eastern Shipping Co. Ltd.

   ii) Transaction with related party

Outstanding balances payable to Holding Company	**37,964**	4,875

6. Previous Year figures have been regrouped wherever necessary.

7. 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	31-03-2006
II.	**Capital Raised during the year :**	
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
III.	**Positon of Mobilisation and Deployment of Funds:**	Amount (Rupees)
	Total Liabilities	539,648
	Total Assets	539,648
	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	446,399
	Miscellaneous Expenditure	NIL
	Accumulated Losses	53,601
IV.	**Performance of Company :**	Amount (Rupees)
	Turnover	NIL
	Total Expenditure	28,120
	Loss Before Tax	28,120
	Loss After Tax	28,073
	Earnings Per Share	(0.56)
	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, 2006

		As at March 31, 2006 Rupees	As at March 31, 2005 Rupees
A.	**Cash Flow From Operating Activities**		
	Net Loss for the year	**(28,073)**	(2,733)
	Operating Loss before Working Capital Changes	**(28,073)**	(2,733)
	Adjustments for :		
	Trade payables	**33,073**	(2,733)
	Net Cash Flow from Operating Activities	**5,000**	-
B.	**Cash Flow from Investing Activities**	**-**	-
C.	**Cash Flow from Financing Activities**	**-**	-
	Net Increase in Cash and Cash Equivalents	**5,000**	-
	Cash and Cash Equivalents at the beginning of the year	**481,047**	481,047
	Cash and Cash Equivalents at the end of the year	**486,047**	481,047

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of the Board

Pradyumna R. Naware
Director

Balan Wasudeo
Director

Mumbai , April 17, 2006

Routes Travel Limited

(formerly P&O Travel India Ltd.)

A Subsidiary Company

DIRECTORS	T. Radhakrishna Ravi K. Sheth Pradyumna R. Naware Balan Wasudeo
COMPANY SECRETARY	Ms. Seema Nagpal
REGISTERED OFFICE	304, Acme Plaza Andheri Kurla Road Andheri (East) Mumbai - 400 059
REGISTERED NUMBER	11- 82460
AUDITORS	Kalyaniwalla & Mistry Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai - 400 023

Directors's Report to the Shareholders for the year ended March 31, 2006

Dear Members,

Your Directors' are happy to present their 12th Annual Report on the events, performance and Audited Accounts for the year ended March 31, 2006.

Financial Performance

During the year under review your Company earned operating profit of Rs. 45.52 lacs but has incurred a net loss of Rs.37.09 lacs which was mainly due to certain extraordinary expenses like change of name, new brand advertising, increased interest costs and certain provisioning undertaken during the year. Your Company expects that in the coming financial year it will explore and generate new clientele and businesses to maximise its profitability.

Summary of the Financial Performance and the appropriations are as under:

		Amount (Rs. in Lacs)
Current Year's Operating Profit		45.52
Less: Provision for doubtful debts	(45.38)	
Less: Bad debts written off	(22.80)	(68.18)
Less: Deferred tax provision		(8.34)
Less: Fringe Benefit Tax		(6.09)
Net Loss as per Profit and Loss Account		(37.09)
Add: Balance brought from previous year		47.38
Balance carried forward		10.29

Change of Name

Consequent upon transfer of P & 0 Cruises B.V. shareholding in the Company, your Company has changed its name from P&O Travel India Ltd. to Routes Travel Limited with effect from July 19, 2005. After the change of name your Company has stopped using P & 0 brand name and is in the process of creating its own brand. The name change has helped the Company to identify its strengths, which have reflected in the continued confidence posed in the Company by the customers including P&O Cruises manning division Mumbai. In addition P&O U.K. have offered to the Company further two luxury liners visit to Mumbai in 2007.

Bombay Operation

The branch team showed exemplary capability and co-operation in the face of difficult market conditions and we hope to see steady growth in the current financial year, which will be reflected in a few new customer orders that are in the final stages of negotiation.

Bangalore Operation

The branch has done exceedingly well despite losing a major account.

The branch is constantly focusing on business travel, cargo, money changers and leisure, and it hopes to grow further in the new financial year.

Delhi / Gurgaon Operation

The operations are faced with higher cost of credit to customers, overheads in the backdrop of reduced airfares. Measures will be taken to review the profitability of contracts and to cut costs.

Business Trends

With the advent of low cost carriers and airfares dropping substantially the Company is still able to sustain because of better margins in money changers, travel insurance, cargo, domestic and international leisure holidays business. The Company is negotiating to handle more passenger liners touching the Indian shores.

Internal Auditors

During the year under review M/s. M. P. Chitale and Co. were appointed as Internal Auditors of your Company.

Employees

There are no employee 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.

During the last financial year the travel trade in general faced with acute shortage of quality staff and your Company has also suffered with this situation. The flight of human resources towards the Business Process Outsourcing activity has drained the sources of manning of travel trade in general across the country.

The Company hopes that the path of rationalization and restructuring coupled with aggressive marketing and sustained good service quality will see your Company towards the new Routes to real prosperity and greater value to shareholders.

DIRECTORS

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

During the year under review Mr. Partha Basu has resigned from the post of Executive Chairman cum Whole Time Director of the Company on 07th June, 2005.

AUDITORS

The Statutory Auditors, Kalyaniwalla & Mistry, Chartered Accountants retire at the conclusion of the twelfth Annual General Meeting and being eligible, offer themselves for reappointment for the financial year 2006-2007. They have confirmed their eligibility under Section 224(1&B) of the Companies Act, 1956.

AUDITORS REPORT

The comments of the Statutory Auditors read with the respective notes to the Accounts, are self-explanatory and are being acted upon, as required.

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, 2006, 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, 2006 and of the Loss 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.

CORPORATE GOVERNANCE

It is a matter of pleasure to inform you all that in principle your Company has accepted the recommendations of various Committees on Corporate Governance. Your Company is committed to promote and raise the standard of Corporate Governance at all levels in each segments. In compliance with the same, your Company has taken all necessary steps to impart the concept of Corporate Governance in your Company. We will provide our best efforts to run, control and manage your Company professionally and impart standard Corporate Governance and its policies.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

Foreign Exchange earned and spent during the year ended 31st March 2006 was INR 12,974,479 (INR 16,093,871 in 2005) and INR 40,744 (INR 69,763 in 2005) respectively.

APPRECIATION

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

For and on behalf of the Board

Chairman

Mumbai, 28 April, 2006

Report of the Auditors to the Members of Routes Travel Limited
(formerly P&O Travel India Limited)

I) We have audited the attached Balance Sheet of Routes Travel Limited as at March 31, 2006 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, 2006;

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 written representations received from the directors of the Company as on March 31, 2006, 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, 2006, 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

Place: Mumbai
Dated: May 4, 2006

Annexure to the Auditor's Report

Referred to in Paragraph 3 of our report of even date on the accounts of Routes Travel Limited for the year ended March 31, 2006:

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 procedure 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. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.

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, custom 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. The Company has incurred a cash loss in the current financial year but not in the 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 terms 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 explanation 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

Place: Mumbai
Dated: May 4, 2006

Balance Sheet as at March 31, 2006

	Schedule	As at March 31, 2006 Rupees	As at March 31, 2005 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	**35,000,000**	35,000,000
Reserves and surplus	2	**1,981,667**	5,691,431
		36,981,667	40,691,431
Loan Funds			
Secured loans	3	**75,430,210**	48,470,304
TOTAL		**112,411,877**	**89,161,735**
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross block		**16,082,824**	17,594,438
Less: Depreciation		**11,472,947**	12,651,847
Net block		**4,609,877**	4,942,591
Deferred Tax Asset		**1,511,323**	2,346,126
Current Assets, Loans and Advances:			
Sundry debtors	5	**114,254,128**	104,831,442
Cash and bank balances	6	**36,923,577**	27,000,347
Loans and advances	7	**15,711,818**	12,575,475
		166,889,523	144,407,264
Less: Current Liabilities and Provisions:			
Current liabilities	8	**57,126,378**	54,330,133
Provisions	9	**3,472,468**	8,204,113
		60,598,846	62,534,246
Net Current Assets		**106,290,677**	81,873,018
TOTAL		**112,411,877**	**89,161,735**

Notes on Accounts 14

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

As per our report of even date attached.

Signatures to Balance Sheet and Schedules 1 to 9 and 14

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board

Viraf R. Mehta
Partner

Balan Wasudeo
Director

T. Radhakrishna
Managing Director

Seema Nagpal
Company Secretary

Mumbai, May 4, 2006

Profit and Loss Account for the year ended March 31, 2006

	Schedule	Year ended March 31, 2006 Rupees	Year ended March 31, 2005 Rupees
INCOME			
Income from Operations	10	**48,165,259**	53,372,122
Other Income	11	**3,071,112**	2,790,963
		51,236,371	56,163,085
EXPENDITURE			
Administration and Other Expenses	12	**44,442,069**	43,176,627
Interest and Finance Charges	13	**7,200,691**	5,290,668
Depreciation		**1,859,302**	2,118,010
		53,502,062	50,585,305
(Loss) / Profit before taxation		**(2,265,691)**	5,577,780
Provision for taxation			
- Current		**—**	2,500,000
- Deferred		**(834,803)**	(494,956)
- Fringe benefit Tax		**(609,270)**	—
(Loss) / Profit for the year after taxation		**(3,709,764)**	3,572,736
Balance brought forward from previous year		**4,738,739**	1,166,003
Balance carried forward		**1,028,975**	4,738,739
Basic earnings per share		**(1.06)**	1.02

Notes on Accounts 14

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

As per our report of even date attached.

Signatures to Profit and Loss Account and Schedules 10 to 14

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board

Viraf R. Mehta
Partner

Balan Wasudeo
Director

T. Radhakrishna
Managing Director

Seema Nagpal
Company Secretary

Mumbai, May 4, 2006

Schedules Annexed to and forming part of Accounts for the year ended March 31, 2006

SCHEDULE "1"
SHARE CAPITAL

	As At 31.3.2006 Rupees	As At 31.3.2005 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, the holding company.

SCHEDULE "2"
RESERVES AND SURPLUS

	As At 31.3.2006 Rupees	As At 31.3.2005 Rupees
Reserve under section 80HHD of the Income Tax Act, 1961		
Balance as per last balance sheet	**210,000**	210,000
General reserve		
Balance as per last balance sheet	**742,692**	742,692
Profit and loss account	**1,028,975**	4,738,739
	1,981,667	5,691,431

SCHEDULE "3"
SECURED LOANS

	As At 31.3.2006 Rupees	As At 31.3.2005 Rupees
Bank overdraft	**75,430,210**	33,470,304
Short term loan from bank	**—**	15,000,000
(Secured by hypothecation of book debts and pledge of deposit receipts with the bank)		
	75,430,210	48,470,304

SCHEDULE "4"
FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2005	Additions	Sales / adjustments	As At 31.03.2006	Upto 01.04.2005	For the year	On sales / adjustments	Upto 31.03.2006	As At 31.03.2006	As At 31.03.2005
Leasehold Improvements	1,655,845	—	—	**1,655,845**	1,028,073	265,041	—	**1,293,114**	**362,731**	627,772
Computers	3,904,805	57,717	—	**3,962,522**	2,850,394	324,778	—	**3,175,172**	**787,350**	1,054,411
Furniture and Fixture	3,200,574	45,000	39,000	**3,206,574**	2,267,891	283,941	19,077	**2,532,755**	**673,819**	932,683
Office Equipments	3,518,296	31,950	—	**3,550,246**	3,148,681	174,957	—	**3,323,638**	**226,608**	369,615
Motor Vehicles	3,669,324	—	3,107,578	**561,746**	2,872,699	286,007	2,596,960	**561,746**	**—**	796,625
Intangible Assets										
Computer Software	190,000	35,000	—	**225,000**	138,399	17,148	—	**155,547**	**69,453**	51,601
Assets acquired under hire purchase agreements										
Motor Vehicles	1,455,594	2,335,297	870,000	**2,920,891**	345,710	507,430	422,165	**430,975**	**2,489,916**	1,109,884
TOTAL	**17,594,438**	**2,504,964**	**4,016,578**	16,082,824	**12,651,847**	**1,859,302**	**3,038,202**	**11,472,947**	**4,609,877**	**4,942,591**
Previous Year 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*	—

Schedules Annexed to and forming part of Accounts for the year ended March 31, 2006

	As At 31.3.2006 Rupees	As At 31.3.2005 Rupees
SCHEDULE "5"		
SUNDRY DEBTORS		
(Unsecured - considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
- Considered good	**5,026,949**	2,015,582
- Considered doubtful	**7,256,693**	2,933,703
	12,283,642	4,949,285
Other debts	**109,227,179**	102,815,860
	121,510,821	107,765,145
Less : Provision for doubtful debts	**7,256,693**	2,933,703
	114,254,128	104,831,442
SCHEDULE "6"		
CASH & BANK BALANCES		
Cash and cheques in hand	**856,740**	1,957,138
Balances with scheduled banks		
- in current accounts	**12,739,906**	8,434,482
- in deposit accounts	**23,326,931**	16,608,727
	36,923,577	27,000,347
SCHEDULE "7"		
LOANS AND ADVANCES		
(Unsecured - considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	**1,620,543**	2,616,438
Advance tax and taxes deducted at source	**12,272,605**	7,978,041
Deposits (Net of deposit considered doubtful Rs.3,47,200, previous year Rs. 3,47,200)	**1,818,670**	1,980,996
	15,711,818	12,575,475
SCHEDULE "8"		
CURRENT LIABILITIES		
Sundry creditors	**49,734,269**	47,085,482
Hire purchase creditors (net of unmatured finance charges Rs.155,189, previous year Rs. 67,520)	**1,211,331**	731,660
Advances received from customers	**3,767,199**	5,475,796
Other liabilities	**2,413,579**	1,037,195
	57,126,378	54,330,133

	As At 31.3.2006 Rupees	As At 31.3.2005 Rupees
SCHEDULE "9"		
PROVISIONS		
Provision for gratuity	—	1,900,000
Provision for retirement leave encashment benefit	**972,468**	1,604,113
Provision for taxation	**2,500,000**	4,700,000
	3,472,468	8,204,113
SCHEDULE "10"		
INCOME FROM OPERATIONS		
Commission Income		
- International air passages	**34,463,444**	38,800,005
- Domestic air passages	**10,801,604**	14,147,873
- Freight	**2,519,098**	2,538,879
- Cruises	**21,924**	5,095,862
Income from tours and conferences	**6,468,483**	7,203,229
Service charges	**2,906,242**	2,625,290
Income from foreign exchange dealing	**3,741,732**	3,479,309
Handling charges (Net)	**(12,757,268)**	(20,518,325)
	48,165,259	53,372,122
SCHEDULE "11"		
OTHER INCOME		
Gain on foreign currency transactions	**2,243**	236,872
Interest on deposits (gross) *	**1,023,449**	583,791
Interest on IT refund	**134,347**	27,757
Claims received	—	519,734
Profit on assets sold or discarded	**709,125**	152,216
Miscellaneous income	**1,201,948**	1,270,593
	3,071,112	2,790,963
* Tax deducted at source	**165,376**	50,781

SCHEDULE "12" ADMINISTRATION AND OTHER EXPENSES

	Year ended 31.3.2006 Rupees	Year ended 31.3.2005 Rupees
Salaries and wages	**20,029,411**	22,654,846
Contribution to provident / other funds	**1,283,513**	1,288,005
Staff welfare expenses	**684,941**	700,084
Rent	**2,299,144**	2,803,198
Rates and taxes	**315,851**	303,373
Insurance charges	**774,078**	531,889
Electricity, water and gas	**525,615**	606,025
Travelling and conveyance	**2,641,359**	2,476,899
Commission paid	**—**	2,171,435
Repairs and maintenance - equipments and others	**1,680,499**	2,779,991
Communication expenses	**2,459,667**	2,926,453
Legal & Professional fees	**1,192,394**	496,603
Printing and stationery	**749,299**	757,734
Brokerage	**—**	54,000
Auditors' remuneration	**533,140**	325,500
Entertainment	**146,638**	491,634
Advertisement, publicity and sales promotion	**1,048,402**	215,185
Investments written off	**—**	1,000
Miscellaneous expenses	**1,260,489**	867,434
Provision for bad and doubtful debts / advances	**4,537,576**	498,224
Bad debts written off	**2,280,053**	227,115
	44,442,069	43,176,627

SCHEDULE "13" INTEREST AND OTHER FINANCE EXPENSES

	Year ended 31.3.2006 Rupees	Year ended 31.3.2005 Rupees
Interest on bank overdraft	**5,529,571**	2,009,983
Interest on short term loan from bank	**727,400**	1,892,163
Hire purchase finance charges	**85,547**	95,979
Bank charges	**858,173**	1,292,543
	7,200,691	5,290,668

SCHEDULE "14" 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 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. The liability for gratuity is funded with the Life Insurance Corporation of India under the Employee's group gratuity scheme.

e) Depreciation:
Depreciation is provided on the "Straight Line Method", pro-rata to the period of use, over the estimated 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 monetary items 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. In case of unabsorbed depreciation and carried forward losses, deferred tax assets are recognised and carried forward only to the extent there is virtual certainty and in other cases subject to the consideration of prudence 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 31.3.2006 Rupees	As At 31.3.2005 Rupees
Guarantees issued by the bank on behalf of the Company	5,344,250	25,085,000
Claims against the Company not acknowledged as debt	723,270	723,270
	6,067,520	25,808,270

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 of database identifying the creditors which are small scale industrial undertakings.

5. Auditors' Remuneration:

	Year ended 31.3.2006 Rupees	Year ended 31.3.2005 Rupees
Audit fees	300,000	200,000
Tax audit fees	75,000	50,000
Income-tax matters	50,000	20,000
Certification and Consultancy Services	50,000	30,000
Service tax on above	58,140	25,500
	533,140	325,500

6. Managerial Remuneration:

Remuneration to Executive Chairman and Managing Director

	Year ended 31.3.2006 Rupees	Year ended 31.3.2005 Rupees
Salaries and other allowances	2,028,552	2,717,801
Contribution to provident fund	127,488	169,773
Perquisites	207,776	307,213
	2,363,816	3,194,787

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. The remuneration to the Executive Chairman is for the period April 1, 2005 to July 7, 2005 and is thus not comparable to the previous year.

7. Leases:

(a) Operating Leases

	As At 31.3.2006 Rupees	As At 31.3.2005 Rupees
Not later than one year	1,713,800	2,398,824
Later than one year and not later than five years	580,800	6,064,544
Later than five years	—	1,405,536
	2,294,600	9,868,904

Lease payments recognised in the statement of profit and loss for the period is Rs. 2,204,104 (previous year Rs.2,803,198).

(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, 2006, in respect of vehicles acquired under lease are as under:

	Total minimum lease payments outstanding as at 31.3.2006 Rupees	Un-matured Interest Rupees
Not later than one year	735,089	97,470
Later than one year and not later than five years	988,238	57,720

8. Earnings Per Share:

	Year ended 31.3.2006 Rupees	Year euded 31.3.2005 Rupees
Net profit after tax	(3,709,764)	3,572,736
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)	(1.06)	1.02

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. Expenditure in Foreign Currency

	Year ended 31.3.2006 Rupees	Year ended 31.3.2005 Rupees
Foreign travel	85,618	28,488
Subscription and membership fees	103,307	41,275
	40,744	69,763

11. Earnings In Foreign Exchange

	Year ended 31.3.2006 Rupees	Year ended 31.3.2005 Rupees
Tours and passages	**12,971,479**	16,093,871

12. Deferred Tax:

The break-up of deferred tax asset is as under

	As At 31.3.2006 Rupees	As At 31.3.2005 Rupees
Difference between book and tax depreciation	**1,183,990**	1,247,953
Provision for doubtful debts	**—**	391,731
Provision for retirement benefits	**327,333**	568,358
Bonus incurred not paid	**—**	138,083
	1,511,323	2,346,125

13. Related Party Disclosures:

i. List of Related Parties:

(a) Holding Company:
The Great Eastern Shipping Company Limited

(b) Key Management Personnel
Mr. T. Radhakrishna, Managing Director

(c) Relatives of Key Management Personnel
Shubha Radhakrishna, wife of Managing Director
T. Sriram, brother of Managing Director,
T. Rahul, son of Managing Director, T. Ramitha, daughter of Managing Director

ii. Transactions with Related Parties

	Sale of tickets & Other Services Year ended 31.3.2006 Rupees	Remuneration Year ended 31.3.2006 Rupees	Outstanding Balance As at 31.3.2006 Rupees
Holding Company	117,779,383	—	4,305,576
Key Management Personnel	21,708	2,363,816	—
Relatives of Key Management Personnel	151,921	—	—

14. Other information pursuant to para 4 of Part II Schedule VI to the Companies Act, 1956 is not applicable and hence not given.

Previous period figures have been regrouped wherever necessary to confirm to current year.

Additional information pursuant to Part IV of Schedule VI 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	31 March 2006
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	112,412
	Total assets	112,412
	Source of funds	
	Paid up capital	35,000
	Reserves and surplus	1,982
	Secured loans	75,430
	Unsecured loans	Nil
	Application of Funds	
	Net fixed assets	4,610
	Investments	-
	Net current assets	106,291
	Deferred Taxation (net)	1,511
	Miscellaneous expenditure	Nil
	Accumulated losses	Nil
IV.	**Performance of Company :**	Amount (Rs. in '000)
	Turnover	51,236
	Total expenditure	53,502
	Profit/(loss) before tax	(2,266)
	Profit/(loss) after tax	(3,710)
	Earning per share (in Rs.)	(1.06)
	Dividend %	Nil

V. Generic names of three principal products/services of Company (As per monetory terms)

Product Description	Item code No.
a) Travel agency	N.A.

Cash Flow Statement for the year ended March 31, 2006

(Rs. in lakhs)

	Year ended 31.3.06	Year ended 31.3.05
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	**(2,265,691)**	5,577,780
Adjustments for		
Depreciation	**1,859,302**	2,118,010
Interest Earned	**(1,157,796)**	(611,548)
Interest paid	**7,200,691**	3,998,125
(Profit)/Loss on investments (Net)	**-**	1,000
(Profit)/Loss on sale of sundry assets	**(709,125)**	(152,216)
Doubtful debts & advances written off/provided	**4,537,576**	725,339
Operating profit before working capital changes	**9,464,957**	11,656,490
Adjustments for		
Trade & Other Receivables	**(12,802,040)**	(33,334,633)
Inventories	**-**	-
Trade Payables	**(1,935,400)**	7,350,884
Cash generated from operations	**(5,272,483)**	(14,327,259)
Tax Paid	**(4,903,834)**	(3,347,967)
Net cash flow (used in)/from operating activities	**(10,176,317)**	(17,675,226)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/sale of fixed assets (Net)	**(817,464)**	(330,695)
Interest received	**1,157,796**	611,548
Net cash from/(used in) investing activities	**340,332**	280,853
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**26,959,906**	19,697,084
Interest paid	**(7,200,691)**	(3,998,125)
Net cash from/(used in) financing activities	**19,759,215**	15,698,959
Net increase/(decrease) in cash and cash equivalents	**9,923,230**	(1,695,414)
Cash and cash equivalents at beginning of period	**27,000,347**	28,695,761
Cash and cash equivalents at end of period	**36,923,577**	27,000,347

Note :

1. To finance working capital requirements, the Company's bankers have sanctioned a total fund based limit of Rs. 705 Lakh. Out of this, limits utilised as of March 31, 2006 is Rs. 559 Lakh.
2. The figures of the previous year have been regrouped wherever necessary.

As per out Report attached

For and on hehalf of
KALYANIWALLA & MISTRY
Chartered Accounts
Viraf R. Mehta
Partner

Mumbai, May 4 , 2006

Signatures to Cash Flow Statement

For and on behalf of the Board

Balan Wasudeo
Director

T. Radhakrishna
Managing Director

Seema Nagpal
Company Secretary

The Great Eastern Chartering LLC (FZC)

A Subsidiary Company

DIRECTORS	Tapas Icot Vijayakumar Suppiah Pillay Michael Brace
REGISTERED OFFICE	Executive Suite Y2-112 P.O. Box 9271 Sharjah U.A.E.
REGISTERED NUMBER	0962
AUDITORS	M/s. Pannell Kerr Forster P.O.Box 13094 Dubai U.A.E.
BANKERS	ABN AMRO Bank Dubai U.A.E.

Report of the Directors for the year ended March 31, 2006

The Directors present their first report with the financial statements of the Company for the period from November 1, 2004 to March 31, 2006.

FINANCIALS RESULTS

The Company was incorporated on November 1, 2004 as wholly owned subsidiary of The Great Eastern Shipping Co. Ltd. with the main object of inchartering of vessels. The results for the period from the date of incorporation of the Company to March 31, 2006 and the financial position of the Company are as shown in the annexed financial statements. The profit for the year ended March 31, 2006 was USD 497,477.

BUSINESS

Business activity during the period was mainly focused on inchartering of tankers and commercial operation of such inchartered tonnage. The inchartered tonnage included a few product tankers and one crude double hull Aframax tanker, with such inchartered periods varying from one to three years. Freight derivatives trading activity was commenced from Aug-05 onwards with a view to trade in both dry and wet freight derivatives as also to use them as hedging instruments.

DIVIDEND

No dividend was recommended for the year ended March 31, 2006.

DIRECTORS

During the year under review, Mr. Ashish Sambhus resigned as the Director and Mr. Michael Brace was appointed as the Director of the Company w.e.f. September 27, 2005.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors hereby state that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed.
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.

AUDITORS

Pannell Kerr Forster, Chartered Accountants, in Dubai, U.A.E., were appointed as the auditors of the Company for a period from incorporation of the Company to March 31, 2006.

ON BEHALF OF THE BOARD

DIRECTOR

Dated: April 18, 2006.

Auditor's report to the shareholders of The Great Eastern Chartering LLC (FZC)

We have examined the attached balance sheet of The Great Eastern Chartering LLC (FZC) as at 31 March 2006, and also the profit and loss account and the cash flow statement of the Company, for the year ended on the same date and other reconciliations and information (all collectively referred to as the Fit For Consolidation (FFC) Accounts). These FFC Accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these FFC Accounts based on our audit.

These FFC Accounts have been prepared, on the basis of instructions received in this regard from the directors of the Company solely for use by The Great Eastern Shipping Co. Ltd. in the preparation of its consolidated financial statement in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and not to report on The Great Eastern Chartering LLC (FZC) as a separate entity.

As requested by the directors of the Company and solely for your use for expressing an audit opinion on the consolidated financial statements of The Great Eastern Shipping Co. Ltd., we report that the attached FFC accounts are properly derived, in accordance with the instructions referred to above, from the Statutory Accounts of The Great Eastern Chartering LLC (FZC) audited by us for the year ended 31 March 2006.

Dubai
United Arab Emirates **PANNELL KERR FORSTER**
18 April 2006

Balance Sheet as at March 31, 2006

	Notes	2006 USD	2006 INR	2005 USD	2005 INR
NON-CURRENT ASSETS					
Property, plant and equipment	3	**283**	**12,628**	—	—
CURRENT ASSETS					
Inventories	4	**746,481**	**33,307,982**	—	—
Trade and other receivables	5	**2,054,028**	**91,650,730**	1,014,342	44,377,463
Amounts due from a related party	6	**5,024**	**224,171**	—	—
Cash and cash equivalents	7	**3,506,153**	**156,444,547**	25,562	1,118,337
Other current financial asset	8	**150,150**	**6,699,693**	—	—
		6,461,836	**288,327,123**	1,039,904	45,495,800
TOTAL ASSETS		**6,462,119**	**288,339,751**	1,039 904	45,495,800
CURRENT LIABILITIES					
Trade and other payables	9	**887,888**	**39,617,563**	2,316	101,325
Amount due to related parties	6	**39,166**	**1,747,587**	—	—
		927,054	**41,365,150**	2,316	101,325
SHAREHOLDERS' FUNDS					
Share capital	10	**40,869**	**1,823,575**	40,869	1,788,019
Foreign Currency Translation Reserve		**—**	**—**	—	189,059
Retained earnings		**1,494,196**	**66,481,967**	996,719	43,606,456
Equity funds		**1,535,065**	**68,494,601**	1,037,588	45,394,475
Loan from parent company	11	**4,000,000**	**178,480,000**	—	—
		5,535,065	**246,974,601**	1,037,588	45,394,475
TOTAL EQUITY AND LIABILITIES		**6,462,119**	**288,339,751**	1,039,904	45,495,800

The accompanying notes form an integral part of these financial statements. The report of the auditor is set forth on page 1, We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved by the Directors on 18 April 2006.

For THE GREAT EASTERN CHARTERING LLC (FZC)

Director

Income Statement for the year ended March 31, 2006

	Notes	2006 (12 months) USD	2006 (12 months) INR	2005 (5 month) USD	2005 (5 months) INR
REVENUE	12	**19,329,833**	**855,151,812**	1,005,768	44,002,350
Direct expenses	13	**(18,120,215)**	**(801,638,312)**	—	—
GROSS PROFIT		**1,209,618**	**53,513,500**	1,005,768	44,002,350
Other operating income (net)	14	**75,868**	**3,356,400**	—	—
Depreciation		**(44)**	**(1,963)**	—	—
Other operating expenses	15	**(669,778)**	**(29,630,979)**	(9,049)	(395,894)
PROFIT FROM OPERATING ACTIVITIES		**615,664**	**27,236,958**	996,719	43,606,456
Interest income on bank deposits		**15,979**	**706,911**	—	—
Finance costs	16	**(134,166)**	**(5,935,504)**	—	—
PROFIT FOR THE YEAR / PERIOD		**497,477**	**22,008,365**	996,719	43,606,456

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set forth on page 1.

Statement of changes in equity for the year ended March 31, 2006

	Share Capital USD	Share Capital INR	Retained Earnings USD	Retained Earnings INR	Total USD	Total INR
Issue of share capital	40,869	1,823,575	—	—	40,869	1,823,575
Profit for the period	—	—	996,719	44,473,602	996,719	44,473,602
As at 31.3.2005	40,869	1,823,575	996,719	44,473,602	1,037,588	46,297,177
Profit for the year	—	—	497,477	22,008,365	497,477	22,008,365
As at 31.3.2006	**40,869**	**1,823,575**	**1,494,196**	**66,481,967**	**1,535,065**	**68,305,542**

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set forth on page 1.

Cash flow statement for the year ended March 31, 2006

	Notes	2006 (12 months) USD	2005 (5 month) USD
Cash flows from operating activities			
Cash used in operations	17	**(535.061)**	(15.307)
Net cash used in operating activities (A)		**(535.061)**	(15.307)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(327)**	—
Interest received		**15.979**	—
Net cash from investing activities (B)		**15.652**	—
Cash flows from financing activities			
Issue of share capital		**—**	40.869
Loan from parent company		**4,000,000**	—
Net cash from financing activities (C)		**4,000,000**	40,869
Net increase in cash and cash equivalents (A+B+C)		**3,480,591**	25,562
Cash and cash equivalents at beginning of year/period		**25,562**	—
Cash and cash equivalents at end of year/period	7	**3,506,153**	25,562

The accompanying notes form an integral part of these financial statements.

The report of the auditor is set forth on page 1.

Notes to the Financial Statement for the year ended March 31, 2006

1 LEGAL STATUS AND BUSINESS ACTIVITY

a) **THE GREAT EASTERN CHARTERING LLC (FZC)** is a limited liability Company incorporated on 1 November 2004 in the Sharjah Airport International Free Zone pursuant to Law No.2 of 1995 of H. H. Sheikh Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah. The registered office is P.O. Box 9271, Sharjah, UAE.

b) The parent company is The Great Eastern Shipping Co. Ltd., India.

c) The Company's principal activity is chartering of ships.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2005. Although, the currency of country of Domicile is UAE Dirhams, these financial statements are presented in US Dollars as most of the Company's transactions are in US Dollars. The significant accounting policies adopted, and that have been consistently applied, are as follows:

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of furniture, fixtures and office equipment less estimated residual value, where material, is depreciated using the straight-line method over the estimated useful lives of three years.

An assessment of residual values is undertaken at each balance sheet date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

b) Inventories

Bunkers on board at the last completed voyage is considered as the closing inventory and are valued at cost. Cost is arrived at using First-in, First-out (FIFO) method and comprise invoice value plus applicable landing charges.

c) Revenue

Revenue represents amount invoiced to customers for charter hire services and voyages completed during the year. Expenses/revenues relating to incomplete voyage is carried forward and income/loss is recognized on completion of voyage.

d) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the income statement on a straight-line basis over the year of the lease.

f) Foreign currency transactions

Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the balance sheet date.

Gains or losses resulting from foreign currency transactions are taken to the income statement.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

g) Derivative financial instruments

Future contracts under Forward Freight "SWAP" Agreements in which the Company actively trades are classified as held-for-trading and are stated at fair value with reference to quoted market price. Changes in fair values are recognised in the income statement.

h) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables and related party receivables are stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of, impairment losses. Impairment losses and reversals thereof are recognised in the income statement.

Current financial liabilities, which comprise trade and other payables and related party payables are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

i) Significant judgments and key assumptions

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each balance sheet date, management conducts an assessment of property, plant, equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

Key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Doubtful debt provisions

Management regularly undertakes a review of the amounts of receivables owed to the Company either from third parties (refer Note 5) or from related parties (refer Note 6) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

j) Adoption of revised and new International Financial Reporting Standards

The adoption of revised International Financial Reporting Standards effective for accounting periods beginning on or after 1 January 2005 has impacted only on presentation and disclosures.

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to 31 December 2005 but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods, as referred to below. It is anticipated that their adoption in the relevant accounting periods will have an impact only on disclosures within the financial statements:

* Amendment to IAS1: Capital Disclosures (1 January 2007)
* IFRS7: Financial Instruments: Disclosures (1 January 2007)

3. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment USD	INR
Net book values		
As at 31.3.2006		
Cost	**327**	14,591
Accumulated depreciation	**(44)**	(1,963)
Net book value	**283**	12,628
Reconciliation of net book values		
As at 1.4.2005	**—**	—
Additions	**327**	14,591
Depreciation for the year	**(44)**	(1,963)
As at 31.3.2006	**283**	12,628

	2006 USD	2006 INR	2005 USD	2005 INR
4. INVENTORIES				
Bunker inventories	**746,481**	**33,307,982**	—	—
5. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1,400,067**	**62,470,990**	1,005,768	44,002,350
Voyages in progress	**466,571**	**20,818,398**	—	—
Prepaid charter hire	**123,374**	**5,504,948**	—	—
Prepayments	**7,622**	**340,094**	7,620	333,375
Advances	**55,440**	**2,473,733**	—	—
Deposits	**954**	**42,567**	954	41,738
	2,054,028	**91,650,730**	1,014,342	44,377,463

6. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at terms which correspond to those on normal arm's length transaction with third parties.

Related parties comprise the parent company, companies under common ownership and/or common management control, shareholders, directors and fellow subsidiaries.

At the balance sheet date, balances with related parties were as follows:

	Parent company USD	Parent company INR	Fellow subsidiaries USD	Fellow subsidiaries INR	Total 2006 USD	Total 2006 INR	Total 2005 USD	Total 2005 INR
Disclosed as amount due from a related party	**—**	**—**	**5,024**	**224,171**	**5,024**	**224,171**	—	—
Disclosed as amount due to related parties	**28,496**	**1,271,492**	**10,670**	**476,095**	**39,116**	1,747,587	—	—
Loan from parent company	**4,000,000**	**178,480,000**	—	—	**4,000,000**	**178,480,000**	—	—

All the balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Note 11.

Significant transactions with related parties during the year were as follows:

	2006 (12 months) USD	2006 (12 months) INR	2005 (5 months) USD	2005 (5 months) INR
Bunker costs	**335,898**	**14,860,128**	—	—
Interest expenses	**134,166**	**5,935,504**	—	—
Reimbursement of expenses	**103,853**	**4,594,457**	—	—
Commercial management fees	**7,000**	**309,680**	—	—

The Company also receives fund from related parties as working capital facilities at fixed commercial rates of interest.

7. CASH AND CASH EQUIVALENTS

	2006 USD	2006 INR	2005 USD	2005 INR
Bank balances in current accounts	**3,506,153**	**156,444,547**	25,562	1,118,337

8. OTHER CURRENT FINANCIAL ASSET

The amount of USD 150,150 represents the amount receivable on derivative financial instruments as at the balance sheet date.

	2006 USD	2006 INR	2005 USD	2005 INR
9. TRADE AND OTHER PAYABLE				
Trade payable	**726,662**	**32,423,658**	—	—
Other payables	**28,425**	**1,268,324**	—	—
Accruals	**132,801**	**5,925,581**	2,316	101,325
	887 888	**39,617,563**	2,316	101,325
10. SHARE CAPITAL				
Authorised, issued and paid up:				
1,500 shares of AED 100 each (translated to US Dollars at the fixed exchange rate of USD 1 = AED 3.6703)	**40,869**	**1,823,575**	40,869	1,788,019

11. LOAN FROM PARENT COMPANY

These represent long term loan received from parent company with no fixed repayment schedule. The loan carries interest @ 5%.

	2006 (12 months) USD	2006 (12 months) INR	2005 (5 months) USD	2005 (5 months) INR
12. REVENUE				
Freight income	**14,947,137**	**661,261,341**	1,005,768	44,002,350
Charter hire income	**3,020,381**	**133,621,655**	—	—
Demurrage income	**1,362,315**	**60,268,816**	—	—
	19,329,833	**855,151,812**	1,005,768	44,002,350
13. DIRECT EXPENSES				
Charter hire expenses	**13,502,016**	**597,329,188**	—	—
Bunker consumed	**2,820,658**	**124,785,910**	—	—
Other direct expenses	**1,797,541**	**79,523,214**	—	—
	1,8120,215	**801,638,312**	—	—

	2006 (12 months) USD	2006 (12 months) INR	2005 (5 months) USD	2006 (5 months) INR
14. OTHER OPERATING INCOME (NET)				
Profit on trading of derivative financial instrument	144,511	6,393,166	—	—
Less: Change in fair value held-for-trading contracts	(68,643)	(3,036,766)	—	—
	75 868	3,356,400	—	—
15. OTHER OPERATING EXPENSES				
Rent	8,171	361,485	1,634	71,488
Other expenses	661,607	29,269,494	7,415	324,406
	669,778	29,630,979	9,049	395,894
16. FINANCE COSTS				
On loans from parent company/fellow subsidiary	134,166	5,935,504	—	—
	134,166	5,935,504	—	—
17. CASH USED IN OPERATIONS				
Net profit for the year/period	497,477	22,008,365	996,719	43,606,456
Adjustments for:				
Depreciation of property, plant and equipment	44	1,963	—	—
Interest income	(15,979)	(706,911)	—	—
Operating profit before changes in operating assets and liabilities	481,542	21,303,417	996,719	43,606,456
Increase in inventories	(746,481)	(33,024,319)	—	—
Increase in trade and other receivables	(1,039,686)	(45,995,709)	(1,014,342)	(44,377,462)
Increase in other current financial asset	(150,150)	(6,642,636)	—	—
Increase in trade and other payables	885,572	39,177,705	2,316	101,325
Increase in amounts due from a related party	(5,024)	(222,262)	—	—
Increase in amounts due to related parties	39,166	1,732,704	—	—
Foreign Exchange	—	1,344,864	—	—
	(535,061)	(22,326,236)	(15,307)	669,681

18. FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit, currency, liquidity and cash flow interest rate risk.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

In order to minimize currency risk exposure, the Company normally buy and sell goods and services in US Dollars.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts, trade and other receivables and amount due from a related party.

The Company's bank accounts are placed with high credit quality financial institutions.

Amounts due from a related party and trade and other receivables are stated net of the allowance for doubtful recoveries.

At the balance sheet date, 81% of the trade receivables was due from a customer situated in Netherland engaged in shipping activities (previous period 100% of trade receivables was due from a customer situated in Singapore).

Interest rate risk

Loan from parent company is subject to fixed interest rates at levels generally obtained in the UAE and therefore exposed to cash flow interest rate risk.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which the US Dollar is fixed.

Fair values

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

19. COMPARATIVE FIGURES

The previous period figures were for five months and hence are not comparable with those of the current year.

For THE GREAT EASTERN CHARTERING LLC (FZC)

DIRECTOR

Cash flow statement for the year ended March 31, 2006

	Notes	2006 (12 months) USD	2006 (12 months) INR	2005 (5 months) USD	2005 (5 months) INR
Cash flows from operating activities					
Cash used in operations	17	(535,061)	(22,326,236)	(15,307)	(669,681)
Net cash used in operating activities (A)		(535,061)	(22,326,236)	(15,307)	(669,681)
Cash flows from investing activities					
Purchase of property, plant and equipment		(327)	(14,466)	—	—
Interest received		15,979	706,911	—	—
Net cash from investing activities (B)		15,652	692,445	—	—
Cash flows from financing activities					
Issue of share capital		—	—	40,869	1,788,019
Loan from parent company		4,000,000	176,960,000	—	—
Net cash from financing activities (C)		4,000,000	176,960,000	40,869	1,788,019
Net increase in cash and cash equivalents (A+B+C)		3,480,591	155,326,209	25,562	1,118,338
Cash and cash equivalents at beginning of year/period		25,562	1,118,338	—	—
Cash and cash equivalents at end of year/period	7	3,506,153	156,444,547	25,562	1,118,338

The accompanying notes form an integral part of these financial statements.

The report of the auditor is set forth on page 1.

ATTENDANCE SLIP

THE GREAT EASTERN SHIPPING CO. LTD.

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

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL SLIP ON REQUEST

DP. ID*			Registered Folio No.	
Client ID*				

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the 58th Annual General Meeting of the Company held on Monday, December 18, 2006 at 3.00 p.m. at Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai - 400 020.

Signature of the shareholder or proxy ....

*Applicable for investors holding shares in electronic form.

PROXY FORM

— Tear Here —

THE GREAT EASTERN SHIPPING CO. LTD.

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

DP. ID*			Registered Folio No.	
Client ID*				

I/We ....

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

hereby appoint ....of

.... or failing him

.... of ....

as my/our proxy to vote for me/us and on my/our behalf at the 58th Annual General Meeting to be held on Monday, December 18, 2006 at 3.00 p.m. or at any adjournments thereof.

Signed this .... day of 2006

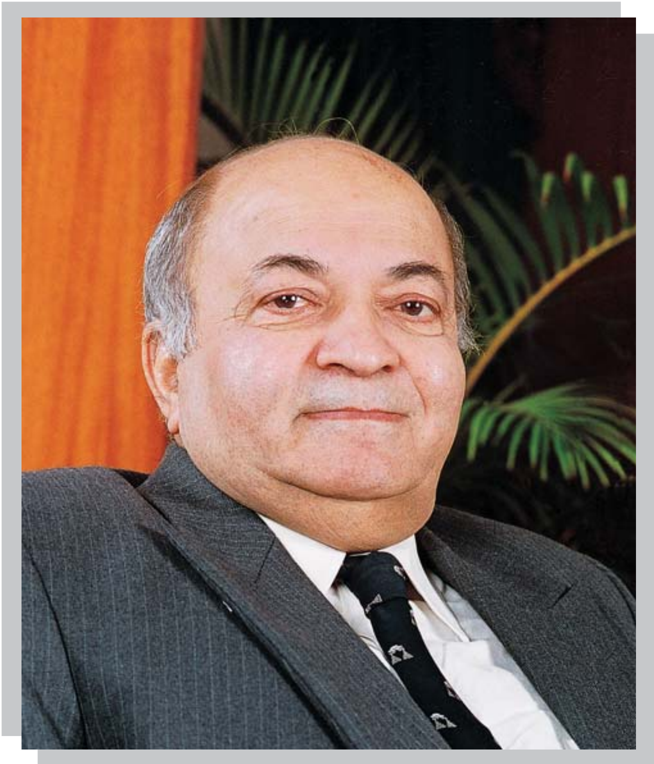
Place : ....

Affix
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

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

Late Mr. Sudhir J. Mulji



(1938 - 2005)

यस्मान्नोद्विजते लोको लोकान्नोद्विजते च यः ।
हर्षामर्षभयोद्वेगैर्मुत्को यः स च मे प्रियः ।।

yasman no ‘dvijate loko lokan no ‘dvijate ca yah
harsh\amarsabhayodvegair mukto yah sa ca me priyah

Translation

He for whom no one is put into difficulty and who is not disturbed by anyone, who is equipoised in happiness and distress, fear and anxiety, is very dear to Me.

THE GREAT EASTERN SHIPPING COMPANY LIMITED

Regd. Office
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