

The energy within

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59th Annual General Meeting

Date : July 26, 2007 **Time :** 03.00 P.M.

Venue : Chavan Centre, Gen. Jagannath Bhosale Marg,
Near Sachivalaya Gymkhana, Mumbai 400 021

Board of Directors

K. M. Sheth

Executive Chairman

Bharat K. Sheth

Deputy Chairman & Managing Director

R. N. Sethna

Asha V. Sheth

Cyrus Guzder

Keki Mistry

Vineet Nayyar

Berjis Desai

Ravi K. Sheth

Executive Director

Company Secretary

Jayesh M. Trivedi

Statutory Committees

Audit Committee

Keki Mistry, Chairman

R. N. Sethna

Cyrus Guzder

Berjis Desai

Shareholder/Investors' Grievance Committee

Cyrus Guzder, Chairman

Berjis Desai

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

Kalpataru Heritage

127, Mahatma Gandhi Road

Mumbai 400 001

NOTICE is hereby given that the Fifty-Ninth Annual General Meeting of THE GREAT EASTERN SHIPPING CO. LTD. will be held at Chavan Centre, Gen. Jagannath Bhosale Marg, Near Sachivalaya Gymkhana, Mumbai 400 021 on Thursday, July 26, 2007 at 03.00 P.M. (I.S.T.) to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To declare final dividend on equity shares.
3. To appoint a Director in place of Mr. Vineet Nayyar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. N. Sethna, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the approval of the Central Government, if required, Mr. Bharat K. Sheth, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby appointed as a Director of the Company not liable to retire by rotation as long as he continues to be the Director of the Company."

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

"RESOLVED THAT subject to the approval of the Central Government, if required, Mr. Ravi K. Sheth who was appointed as a Director of the Company liable to retire by rotation, at the Annual General Meeting of the Company held on December 18, 2006, shall be not liable to retire by rotation as long as he continues to be the Director of the Company."

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the words 'Mr. S. J. Mulji' appearing in Article No.

117A of the Articles of Association of the Company be and are hereby deleted and the words 'Mr. Bharat K. Sheth and Mr. Ravi K. Sheth' be inserted."

"RESOLVED FURTHER THAT the aforesaid alteration of the Article No. 117A will be subject to the approval of the Central Government, if required, under Section 268 or any other provisions of the Companies Act, 1956."

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 Section 81(IA) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Issues, enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to any approval, consent, permission and / or sanction of the appropriate authorities and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission and / or sanction and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to create, offer, issue and allot, from time to time, in one or more tranches, 50,05,000 Warrants convertible into Equity Shares of the Company at the option of the Warrant holders each Warrant shall be convertible into 1 (one) Equity share of the face value of Rs.10/- each of the Company (hereinafter referred to as the "Warrants") to the Promoters and Non-Executive Directors of the Company, whether or not such subscribers are members of the Company, under a preferential issue through offer letter and/or circular and/or such other documents / writings, in such a manner, on such terms and conditions and at such price as may be determined by the Board in its absolute discretion, provided that the price of the resultant Equity Shares to be issued upon conversion of the Warrants shall be Rs.312.75 (including a premium of Rs.302.75) per Equity Share being the price with respect to the Relevant Date i.e. June 26, 2007 as prescribed under

Chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Issues.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares of the Company as may be required to be issued and allotted upon conversion of the Warrants issued as aforesaid and that such resultant Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue and allotment of aforesaid Warrants and resultant Equity Shares and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of the said Warrants and resultant Equity Shares, utilisation of the issue proceeds and to do all such acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee(s) of Directors or any Director(s) or officer(s) of the Company to give effect to the aforesaid resolution.”

By Order of the Board

Jayesh M. Trivedi
Company Secretary

Mumbai, June 26, 2007

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. The Register of Members and Share Transfer Books of the Company will remain closed from July 12, 2007 to July 19, 2007 (both days inclusive).
4. The dividend declared at the Meeting will be made payable on or after July 31, 2007, as applicable, in respect of shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company on or before the end of business hours on July 11, 2007 and in respect of shares held in the electronic form to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as on that date.
5. 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.
6. 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 1999-2000 (46th interim dividend) to the Investor Education and Protection Fund. All unclaimed dividend for the year 2000-2001 (47th final dividend) will be transferred to the Investor Education and Protection Fund on or before August 25, 2008. 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 August 10, 2008.
7. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business as per Item Nos.6 to 9 hereinabove, is annexed hereto.

ANNEXURE TO NOTICE

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

Item No. 6 (Ordinary Resolution), Item No. 7 (Ordinary Resolution) and Item No. 8 (Special Resolution):

At the Annual General Meeting of the Company held on June 24, 2005, Mr. Bharat K. Sheth was re-appointed as a Director of the Company liable to retire by rotation. At the Annual General Meeting of the Company held on December 18, 2006, Mr. Ravi K. Sheth was appointed as a Director of the Company liable to retire by rotation.

As per the provisions of the Companies Act, 1956, the period of office of 2/3rd of the Board of Directors is liable to determination by retirement by rotation and accordingly 1/3rd can be non retiring Directors. Mr. K. M. Sheth and Late Mr. Sudhir J. Mulji were the non retiring Directors on the Board of the Company. After the demise of Late Mr. Sudhir J. Mulji, only Mr. K. M. Sheth remains as non retiring Director. It is now proposed that Mr. Bharat K. Sheth, Deputy Chairman & Managing Director and Mr. Ravi K. Sheth, Executive Director, be made non retiring Directors so long as they continue to be Directors of the Company.

Mr. Bharat K. Sheth joined the Company in 1981 and was inducted on the Board as an Executive Director on July 1, 1989 and became Managing Director of the Company with effect from April 1, 1999. He was redesignated as Deputy Chairman & Managing Director of the Company with effect from August 12, 2005. With more than 25 years of experience behind him, Mr. Bharat K. Sheth is today well respected in the international shipping business. Mr. Bharat K. Sheth has immensely contributed to the progress, development and growth of the Company.

Mr. Ravi K. Sheth has been in the employment of the Company since July, 1990 and has an overall experience of more than 20 years in the industry. Mr. Ravi K. Sheth was inducted on the Board of the Company as an Executive Director with effect from January 30, 2006. He has 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 its implementation. Apart from the above, Mr. Ravi K. Sheth has also been entrusted with the additional responsibility of overseeing the operations of Greatship (India) Limited, a wholly owned subsidiary of the Company, which is in

the business of owning and operating assets relating to offshore oil field services. He was appointed as Director on the Board of Greatship (India) Limited with effect from March 22, 2006 and as the Managing Director with effect from November 7, 2006.

The existing Article No. 117A of the Articles of Association of the Company provides for Mr. K. M. Sheth and Mr. S. J. Mulji to be non retiring Directors as long as they continue to be the Directors of the Company.

Consequent to the proposed appointment of Mr. Bharat K. Sheth and Mr. Ravi K. Sheth as non-retiring Directors, it is proposed to alter Article No.117A by deletion of name of Late Mr. S. J. Mulji and inserting the names of Mr. Bharat K. Sheth and Mr. Ravi K. Sheth in place thereof. In the event requisite approval is required from the Central Government under the Companies Act, the alteration in the Articles will take effect on receipt of such approval.

Your Directors commend the resolutions at Item Nos. 6, 7 and 8 for your approval.

Mr. Bharat K. Sheth and Mr. Ravi K. Sheth are deemed to be interested in the resolutions at Item Nos. 6,7 and 8. Mr. K. M. Sheth, being relative of Mr. Bharat K. Sheth and Mr. Ravi K. Sheth, may also be deemed to be interested in the said resolutions, although he derives no pecuniary interest in it. No other Director has any interest in the said resolutions.

A copy of the Articles of Association of the Company will be open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 10.00 a.m. to 5.00 p.m.

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

Item No. 9 (Special Resolution):

Your Company over the next few years proposes to make investments with a view to build an international competitive fleet / tonnage to meet the future requirements of the market place. Additionally, the Company also wishes to enhance its investment in the offshore oil field services business through its wholly owned subsidiary, Greatship (India) Limited. In order to generate resources for the above and also to meet the enhanced working capital requirements of the Company and for general corporate purposes it is proposed to issue warrants convertible into equity shares to promoters and to non-wholetime directors of the Company on a preferential basis in terms of the guidelines for preferential

issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (hereinafter referred to as the “Preferential Issue Guidelines”) as referred to in the resolution set out in Item No. 9 of the Company’s Notice for the 59th Annual General Meeting.

The Company’s future plans are aimed with the objective of creating value for all stakeholders. The proposed subscription also endorses confidence of the Promoters and Non-Executive Directors in the prospects of the Company.

In view of the above, the Board, at its meeting held on June 26, 2007 considered and approved, subject to the approval of the shareholders, the proposal to issue 50,05,000 Warrants convertible into Equity shares of the Company to the Promoters and Non-Executive Directors of the Company strictly in accordance with Preferential Issue Guidelines.

The details of the issue and other particulars as required in terms of Chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Issues are as follows:

- i) **Securities to be issued:** 50,05,000 Warrants convertible into Equity Shares of the Company.
- ii) **Conversion:** Each Warrant shall be convertible into 1 (one) Equity Share of the face value of Rs.10/- each of the Company at the option of the Warrant holder, at anytime prior to the expiry of 18 months from the date of allotment of the Warrant.
- iii) **Pricing of Equity Shares:** The resultant Equity Shares arising upon conversion of Warrants shall be issued and allotted at a price of Rs.312.75 (including a premium of Rs.302.75) per Equity Share aggregating Rs.156,53,13,750/-. Such price has been arrived at with respect to the Relevant Date i.e. June 26, 2007 as prescribed under Preferential Issue Guidelines.
- iv) **Terms of Warrants:**
 - (a) An amount of Rs.32 per Warrant shall be payable at the time of applying for allotment of the Warrants. Balance amount of Rs.280.75 per Warrant shall be paid at the time of applying for conversion of Warrants into Equity Shares.

Currency of the Warrants shall be 18 months from the date of allotment of the Warrants.

The holder of the Warrant shall have an option to apply for and be allotted 1 (one) equity share of the Company per Warrant at any time after

the date of allotment of Warrant but on or before the expiry of 18 months from the date of allotment of the Warrant, in one or more tranches. In this connection, the Warrant holder will make an application to the Company to convert the Warrants into Equity Shares, specifying the number of Warrants and other relevant details. The Warrant holder shall make the payment of Rs.280.75 per Warrant alongwith such application.

Upon receipt of the application and payment as above, the Board shall allot 1 (one) Equity Share per Warrant by appropriating Rs.10/- towards equity share capital and the balance amount of Rs.302.75 towards the securities premium.

The allotment of Equity Shares as above shall be made by the Company within 30 (thirty) days from the date of receipt of such application or such other period as may be agreed to between the Company and the Warrant holder.

If the entitlement against the Warrants to apply for the Equity Shares is not exercised within the period of 18 months from the date of allotment of Warrants, the entitlement of the Warrant holders to apply for Equity Shares of the Company shall expire and the amount paid on such Warrants shall stand forfeited.

- (b) The resultant Equity Shares arising out of conversion of Warrants shall rank pari passu in all respects with the then existing Equity Shares of the Company. The Warrants and resultant Equity Shares shall be subject to the Memorandum and Articles of Association of the Company.
- (c) After the expiry of the statutory lock-in period, the Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations and other related matters as in the case of Equity Shares of the Company.
- (d) The face value of each Equity Share of the Company is Rs.10/-. In the event of any subdivision or consolidation of the face value, the share entitlement on each Warrant shall be proportionately increased/decreased such that the aggregate nominal value of the entitlement remains the same as the nominal value of the Equity Shares immediately prior to such subdivision or consolidation e.g. in case the Company decides to reduce the face value of

Equity Shares to Rs.5/- each, then upon exercise of each Warrant, the Warrant holder would get two Equity Shares of Rs.5/- each instead of one Equity Share of Rs.10/- each.

- (e) Save and except the right of subscription to the Company's Equity Shares as per the terms of the issue of Warrants, the holders of the Warrants shall have no other rights or privileges such as entitlement to voting right, dividend, bonus issue or rights issue or similar benefits declared by the Company.
- (f) The Warrant by itself does not give to the holder(s) thereof any rights conferred on the shareholders of the Company.
- v) **Intention of Promoters / Non-Executive Directors to subscribe to the offer:** The Promoters and Directors of the Company have agreed to subscribe the Warrants under the said Preferential Issue as follows:

| Name | Category (Promoter / Director) | No. of Warrants |
|-------------------|-----------------------------------|--------------------|
| Mr. K. M. Sheth | Promoter & Director | 45,00,000 |
| Mr. R. N. Sethna | Director | 10,000 |
| Mr. Keki Mistry | Director | 20,000 |
| Mr. Vineet Nayyar | Director | 50,000 |
| Mr. Berjis Desai | Director | 4,25,000 |
| Total | | 50,05,000 |

In the event, any of the Warrants remaining unsubscribed by the aforesaid proposed subscribers for any reason whatsoever, the same will be offered and allotted by the Board in its absolute discretion to any other Promoter and / or Non-Executive Director of the Company on the same terms and conditions.

- vi) **Shareholding pattern before and after the offer:** The Shareholding pattern giving the position as on June 25, 2007 as also the position post allotment

of Equity Shares arising out of conversion of all the Warrants is given below:

| Category of shareholders | Pre-issue shareholding | | Post-issue shareholding (After allotment of Equity Shares upon conversion of all Warrants) | |
|---|------------------------|---------------|---|---------------|
| | No. of shares | % | No. of shares | % |
| <u>Promoters</u> | | | | |
| Mr. K. M. Sheth | 2050933 | 1.35 | 6550933 | 4.16 |
| Other Promoters | 42915372 | 28.18 | 42915372 | 27.29 |
| Shareholding of Promoters (A) | 44966305 | 29.53 | 49466305 | 31.45 |
| <u>Directors (Other than Promoters)</u> | | | | |
| Mr. R. N. Sethna | 40000 | 0.02 | 50000 | 0.03 |
| Mr. Keki Mistry | 640 | 0.00 | 20640 | 0.01 |
| Mr. Vineet Nayyar | 23005 | 0.02 | 73005 | 0.05 |
| Mr. Berjis Desai | 800 | 0.00 | 425800 | 0.27 |
| Other Directors | 1178 | 0.00 | 1178 | 0.00 |
| Shareholding of Directors (B) | 65623 | 0.04 | 570623 | 0.36 |
| Other Public Shareholders (C) | 107241996 | 70.43 | 107241996 | 68.19 |
| Total (A+B+C) | 152273924 | 100.00 | 157278924 | 100.00 |

- vii) **Proposed time within which the allotment shall be complete:** The Company shall complete the allotment of Warrants within 15 days from the date of Annual General Meeting.

All Directors other than Ms. Asha V. Sheth and Mr. Cyrus Guzder are deemed to be interested in the above resolution to the extent Warrants are proposed to be allotted to them and in case of Mr. Bharat K. Sheth and Mr. Ravi K. Sheth, to the extent Warrants are proposed to be allotted to their relative, Mr. K. M. Sheth.

By Order of the Board

Jayesh M. Trivedi
Company Secretary

Mumbai, June 26, 2007

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 REAPPOINTED.

(A) MR. VINEET NAYYAR

Mr. Vineet Nayyar holds a Master's degree in Development Economics from Williams College, Massachusetts.

He has varied experience in Government, multilateral financial institutions and the Corporate sector. He was the member of the Indian Administrative Service. He has held major assignments such as:

- 1970 – 73 Secretary, Agriculture, State of Haryana.
- 1973 – 78 Director, Department of Economic Affairs, Ministry of Finance, Government of India.

He has held various prestigious positions in The World Bank, Washington DC like:

- 1978 – 86 Chief, Petroleum Department, Europe, Middle East and North Africa.
Chief and Head of Energy Department, East Asia and Pacific.
- 1991 –95 Chief and Head of Energy, Finance and Infrastructure Departments, East Asia and Pacific.

During this period he led the first Energy mission to China and was responsible for the privatization of Infrastructure in Philippines, reorganisation of the Central Bank of Philippines and financial reforms and reorganisation of the Central Bank of South Korea, etc.

He was the Promoter and Vice Chairman of HCL Technologies. He was also the founder and Chief Executive Officer of HCL Perot Systems. He is currently functioning as Vice Chairman & MD of Tech Mahindra Limited.

He was the Chairman and Managing Director of Gas Authority of India Limited (GAIL). As the first regular Chairman of GAIL he was responsible for setting up the HBJ pipeline, gas fractionation plants and the startup of Auriya Petro Chemical Plant.

As on date Mr. Vineet Nayyar holds 23,005 equity shares in the Company.

He is also a Director on the Board of following public limited companies:

- 1) Indian Oil Corporation Ltd.
- 2) Tech Mahindra Ltd.
- 3) Business Standard Ltd.
- 4) CanvasM Technologies Ltd.

- 5) Kotak Mahindra Old Mutual Life Insurance Co. Ltd.
- 6) Mahindra Holidays & Resorts (India) Ltd.
- 7) Tech Mahindra (R&D Services) Ltd.

(B) MR. R. N. SETHNA

Mr. R. N. Sethna completed LL.B in the year 1954 from Government Law College with a first class and ranked first in the University. He passed his Solicitors' exam with a 1st class first in 1958.

He joined M/s. Romer Dadachanji Sethna & Co., as a Partner in 1960 and is presently a partner in Maneksha & Sethna. He has been a Director of the Company since 1974. He was a member of the Indian Advisory Committee of HSBC from 1992 to 2001 and Chairman thereof for about 2 years.

His specialization includes commercial, corporate, real estate and foreign exchange laws.

As on date, Mr. R. N. Sethna holds 40,000 equity shares in the Company.

He is also a Director on the Board of the following public limited companies:

- 1) Pudumjee Pulp & Paper Mills Ltd.
- 2) Modern Mills Ltd.
- 3) National Peroxide Ltd.
- 4) Chalet Hotels Ltd.

Mr. R. N. Sethna is also a member of the following committees:

| Name of the Company | Name of the Committee | Member / Chairman |
|------------------------|---|-------------------|
| Modern Mills Ltd. | Shareholders' and Investors' Grievances Committee | Member |
| National Peroxide Ltd. | Audit Committee | Chairman |

(C) MR. BHARAT K. SHETH

Mr. Bharat K. Sheth has completed his Bachelor of Science (Economics) with honours from St. Andrews University, Scotland, in 1981. In the same year he joined the Company and since then has gained rich experience in chartering and later sale and purchase activities. He was inducted on the Board as an Executive Director on July 1, 1989 and became Managing Director of the Company with effect from April 1, 1999. He has been redesignated as Deputy Chairman & Managing Director of the Company with effect from August 12, 2005. He has been spearheading the shipping division of the Company.

His expertise in specific functional areas include management and market expertise, capital investment / disinvestments and capital budgeting. He is also a Director on the Board of Greatship (India) Ltd.

Chairman's Statement



Dear Shareholders,

The year 2006-07 has been a defining year for your Company as it recorded its highest-ever net profit of Rs. 883.31 crores (stand alone) and Rs. 912.43 crores (on a consolidated basis). This represents (on a consolidated basis) a return of 32.90% after tax on shareholders equity. The Board of Directors has declared a final equity dividend of Rs. 4.50 per share. Combined with two interim dividends of Rs.4 and Rs.3 declared earlier during the year, the total dividend for the year aggregates to Rs. 11.50 per share resulting in a cash outflow of Rs. 201.71 crores (including tax thereon).

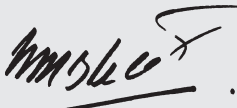
At the end of the year, the book value per share increased by Rs. 44 to Rs. 201. The net debt-to-equity stood at 0.71 against 0.78 last year reflecting the Company's ability to grow earnings with financial prudence.

The year began with strong tanker demand and subdued dry bulk demand but ended quite the opposite with subdued tanker demand and strong dry bulk demand. This reversal was quite unexpected and caught many an expert by surprise. On reflection, there were a number of reasons why this sudden reversal in sentiment occurred. A detailed analysis of this is given in the Management Discussion & Analysis section.

At present, the sentiment has certainly improved in the tanker segment and has become even stronger in the dry bulk segment. This positive sentiment is probably based on a decreasing concern of global economic slowdown due to high energy prices and geo-political tensions. The demand dynamics in Asia continue to redefine global businesses thereby increasing trade flows with the resultant pressures on pricing.

Finding opportunities at a time when there is strong positive sentiment in the underlying business and when there is excessive liquidity in the financial system is clearly not easy. The risk-reward ratio is probably less favourable today than, maybe, 12 months ago. This poses its own challenges. Like last year, we will endeavour to grow, albeit cautiously, with a focus on modernising the fleet. Let me conclude by saying that all of us in the Company are poised to address the challenges of tomorrow and will continue to strive for another satisfactory year.

Best warm regards,



K. M. Sheth
Executive Chairman

Mumbai : May 04, 2007

Director's Report

DIRECTORS' REPORT

Your Directors are pleased to present the 59th Annual Report on the business and operations of your Company and Audited Accounts for the financial year ended March 31, 2007.

LATE MR. MANU R. SHROFF

Your Directors record their profound grief at the sad and untimely demise of your Non Executive Director, Mr. Manu R. Shroff. Mr. Shroff's contribution in deliberating complex business issues was immense and fruitful. An outstanding Economist, he was one of the most devoted and energetic Director on the Board.

FINANCIAL PERFORMANCE

Your Company has for the 7th year in succession achieved record profits:

| | (Rs. In Lacs) | |
|---|---------------|--------------|
| | 2006-07 | 2005-06 |
| Total Income | 225110 | 234208 |
| Total Expenditure | 134121 | 146631 |
| Profit before tax | 90989 | 87577 |
| Less : Provision for taxation | | |
| – Current tax | 3100 | 2600 |
| – Deferred tax | – | 406 |
| – Fringe Benefit tax | 100 | 221 |
| Profit for the year after tax | 87789 | 84350 |
| Add / (Less) : Prior period adjustments | 542 | (490) |
| | 88331 | 83860 |
| Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income-tax Act, 1961 | 15000 | 14500 |
| | 73331 | 69360 |
| (Less) / Add : Transfer (to) / from Debenture Redemption Reserve | (1500) | 1900 |
| | 71831 | 71260 |
| Add : Surplus brought forward from previous year | 59331 | 34456 |
| Less : Transferred to Great Offshore Ltd. on de-merger | – | 6900 |
| Amount available for appropriation | 131162 | 98816 |
| Appropriations: | | |
| – Transfer to General Reserve | 20000 | 20000 |
| – Interim Dividend on Equity Shares | 10659 | 17088 |
| – Proposed Dividend on Equity Shares | 6852 | – |
| – Tax on Dividends | 2660 | 2397 |
| Balance Carried Forward | 90991 | 59331 |

The total income for the year was recorded at Rs. 225110 lakhs as against Rs. 234208 lakhs in the previous year and a Net Profit after prior period adjustments of Rs. 88331 lakhs as against Rs. 83860 lakhs in the previous year.

DIVIDEND ON EQUITY SHARES

During the year, your Directors declared and paid 2 interim dividends of Rs. 4/- per share and Rs. 3/- per share respectively, resulting in an outflow of Rs. 12154 lakhs (inclusive of tax on dividend).

Your Directors recommend a final dividend of Rs. 4.50/- per share amounting to Rs. 8017 lakhs including tax on dividend.

The final dividend will be paid after your approval at the ensuing Annual General Meeting. The aggregate outflow on account of the equity dividend for the year @ Rs. 11.50/- per share would be Rs. 20171 lakhs including tax on dividend. This represents a payout ratio of 23% (previous year around 23%).

SUBSIDIARIES

Greatship (India) Limited incorporated two wholly owned subsidiaries viz. Greatship Holdings B. V. on November 22, 2006 and Greatship Global Energy Services Pte. Ltd. on October 23, 2006.

On March 20, 2007 the Company concluded sale of its entire shareholding in Routes Travel Ltd. and consequently Routes Travel Ltd. ceased to be the Company's Subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PERFORMANCE

In FY 07, the Company recorded a total income of Rs. 225110 lakhs (Previous year Rs. 234208 lakhs) and earned a PBIDT of Rs. 128233 lakhs (previous year Rs. 134307 lakhs).

TANKER BUSINESS

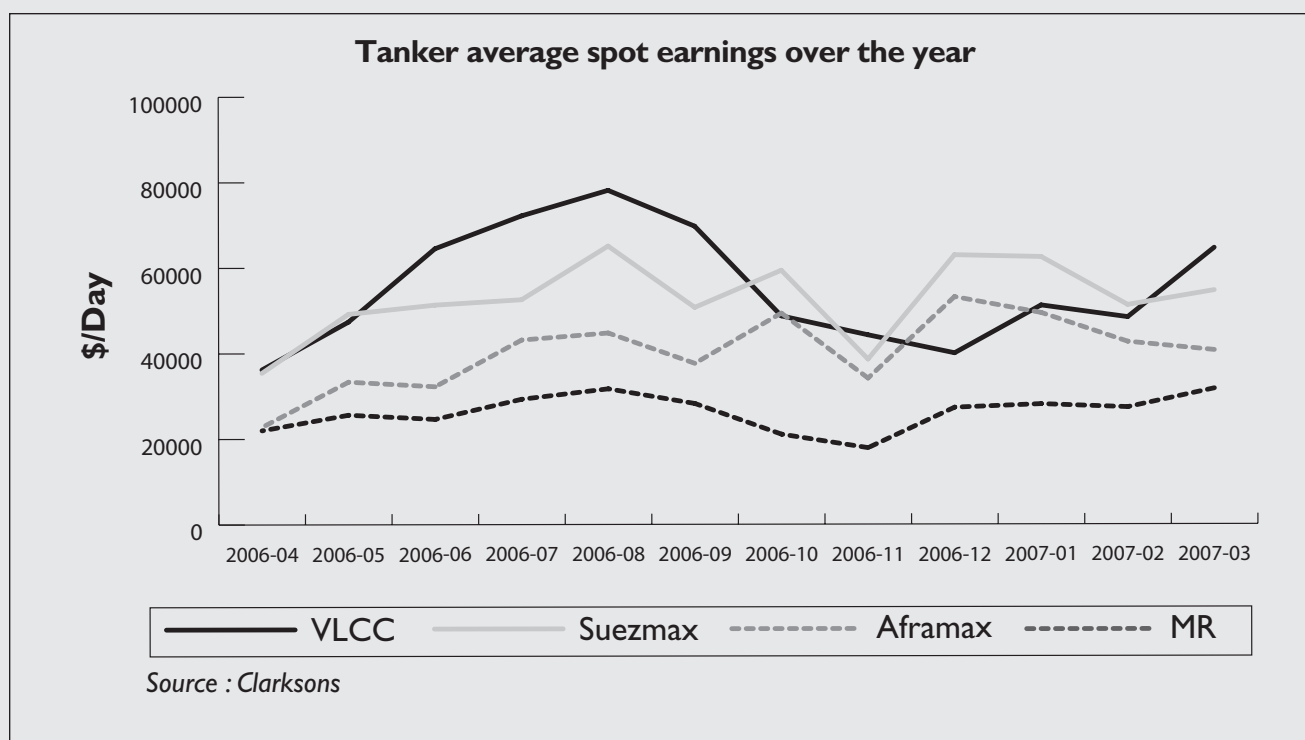
MARKET TREND AND ANALYSIS

Similar to FY 06, FY 07 was characterized by significant volatility in shipping markets. World oil demand grew by a relatively modest 1%, or 0.8 million barrels per day ("b/d"), in 2006, after recording a growth of 1.6% in 2005. The lower growth rate in 2006 resulted primarily due to 1% reduction in oil demand in the U.S. Similarly, demand out of Europe also decreased by 0.5%. China, on the other hand saw robust growth in its consumption, whereby the demand in 2006 was up by nearly 7% over 2005. Higher prices and an unusually warm winter in the Northern Hemisphere kept a lid on crude oil demand in 2006.

The world tanker fleet increased to 369.2 million dwt at the end of the financial year, 5% higher than the 351.3 million dwt at the beginning of FY 06-07.

The hurricane season in the Atlantic, which lent support to tanker earnings in 2005 was inactive in 2006 and thus there was an absence of a spike in earnings in 2006. Also, OPEC cut its production by about 1 million barrels per day during the year, which resulted in lesser loadings from the Arabian Gulf. As a result crude tankers loading from the Gulf saw their earnings virtually stalled during Q2 and Q3 FY07.

Overall, tanker rates in 2006, though healthy as compared to historical averages, were weaker than 2005 as a result of subdued demand emanating from high oil prices and an increasing world tanker fleet.



The demand-supply relationship was tightly balanced, leading to a high level of volatility. VLCC spot rates, for instance for the route between the Arabian Gulf to Japan ranged between World Scale 141 (WS) (Time Charter Equivalent, or TCE, approx. \$ 82,000 /day) and WS 52 (TCE approx. \$ 24,000/day) during the year.

COMPANY PERFORMANCE

The tanker business accounted for around 82% of the company's net revenues and 79% of the operating profits.

In FY 06-07, around 42% of the earnings was derived from the spot market. The crude tankers, inclusive of 'spot' and 'period', earned an average TCY of \$ 29,700/day (previous year \$28,200/day). The improved crude tanker earnings were mainly a result of time charter renewals at higher rates. The product carriers, inclusive of 'spot' and 'period', earned an average TCY of \$ 23,000/day, which was at similar levels as that of last year. Your Company's two LPG carriers, on period, earned an average TCY of \$15,800/day (previous year \$16,000/day).

TANKER FLEET CHANGES

The current tanker fleet of your Company stands at 34 tankers aggregating 2.55 million dwt, with an average age of 11.7 years as against 32 tankers aggregating 2.54 million dwt with an average age of 12.8 years as on 31st March 06.

During the year, your Company took delivery of its third double hull Suezmax tanker, 'Jag Layak', in November 2006.

During the year, your Company also took delivery of three double hull product tankers, 'Jag Panna' in January 2007, 'Jag Payal' and 'Jag Prakash' in March 2007. Subsequently the double hull product tanker 'Jag Pushpa' was delivered to your Company in April 2007.

Your Company also acquired a double sided Handysize tanker, 'Jag Parwar', in February 2007.

Your Company sold a Aframax tanker, 'Jag Leena' in August 2006 and also the Suezmax tanker 'Jag Laadki' in April 2007. Your Company also sold 2 product tankers, 'Jag Prachi' in May 2006 and 'Jag Padma' in February 2007.

During FY 06-07, your Company placed orders for two Long range one (LRI) product tankers, both of which are to be delivered in end 2008. The total new buildings orders for the Company now rest at five vessels involving a total outlay of about US \$ 240 million.

OUTLOOK FOR THE TANKER MARKET

IEA expects that the average demand for 2007 in total will be 86.03 million barrels per day, or a 1.8 percent growth from 2006, 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 34 million dwt of tankers to be delivered in 2007, and about 12 million dwt of scrapping expected, the net fleet growth in tankers in 2007 will be about 6%. This could lead to lower fleet utilization numbers as compared to last year's levels. We therefore expect that average spot rates, though healthy, could be lower than those in the previous year, although the eventual outcome will depend on the unknown!

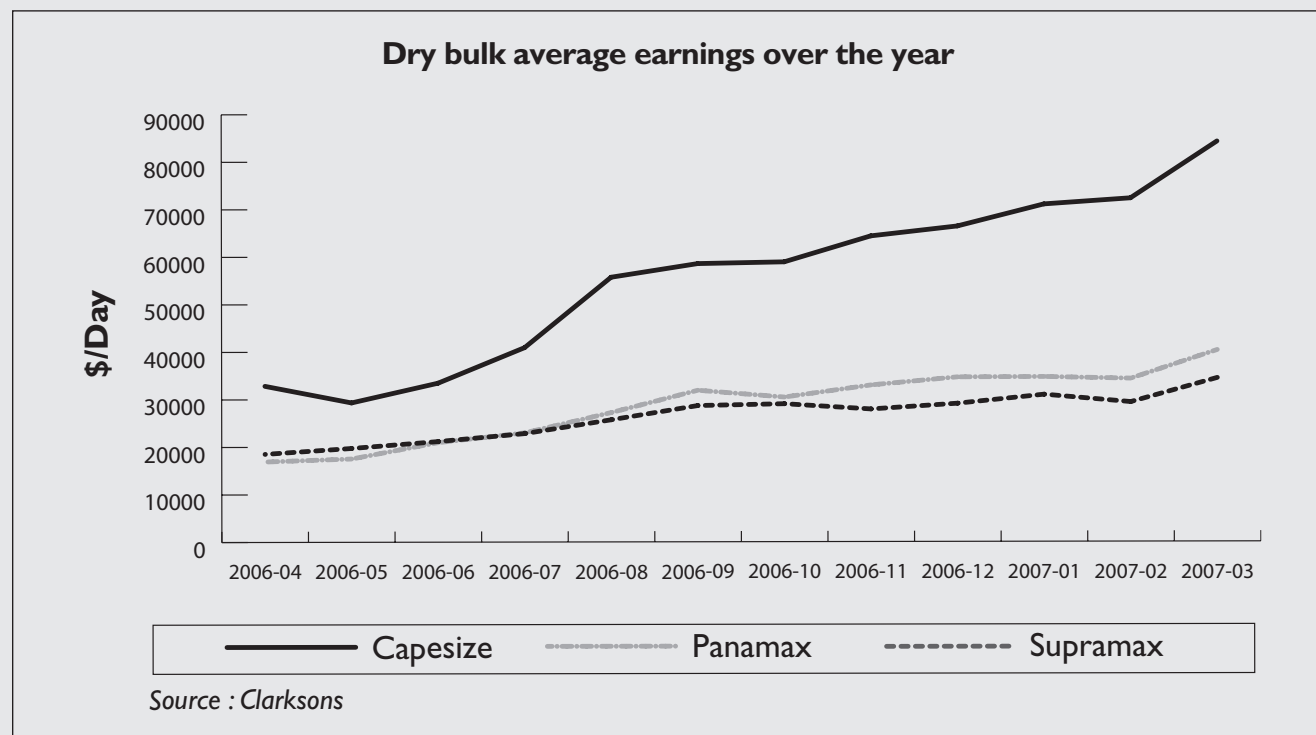
The tanker orderbook stands at about 149 million dwt, or 40% of the fleet, at the end of March 2007.

DRY BULK BUSINESS

MARKET TREND AND ANALYSIS

2006 was the year of resurgence in the demand for dry bulk ships. Although the initial part of the financial year did not show any significant gains in earnings, the balance part of the year saw a one directional move in the earnings for the dry bulk ships. Similar to 2005, the dry-bulk markets in 2006 were predominantly driven by the Chinese demand for commodities. Chinese imports of iron ore grew an impressive 51 million tons over the 2005 level of 275 million tons totaling 326 million tons, while steel production moved up 76 million tons to 350 million tons in 2006. India too registered a robust increase in steel production from 37 million tons in 2005 to 42.9 million tons in 2006.

The overall increase in demand for bulkers in 2006 was a result of robust growth in commodity imports by Asia, particularly China. This led to congestion in the loading ports effectively increasing the utilization rates. Also, minor bulk trades especially that of cement and steel firmed up significantly in 2006. Reduction of food grain



production in Australia meant longer tonne miles from South America to Asia, which supported the Handymax and Handysize trades. Against this, the world dry bulk fleet increased to 371.6 million dwt at the end of the year, 6% higher than the 349.33 million dwt at the beginning of FY 07. Though the fleet growth was robust, it was not enough to service the trade growth adequately.

COMPANY PERFORMANCE

The dry bulk fleet contributed around 18% of the Company's net revenues and 21% of the operating profits. The average TCY for dry bulk vessels was approximately \$17,500/day as compared to \$16,500/day in the previous year.

DRY BULK FLEET CHANGES

The current dry bulk fleet stands at 12 vessels aggregating 0.66 million dwt, with an average age of 14.06 years as against 9 vessels aggregating 0.38 million dwt with an average age of 15.1 years on 31st March 06 last year.

Your Company acquired a 1996 built Capesize bulk carrier, 'Jag Arjun', in March 2007.

Your Company also acquired a 1994 built Panamax bulk carrier, 'Jag Akshay' in March 2007.

Subsequently, your company also acquired a 1997 built Handymax bulk carrier, 'Jag Riddhi' in April 2007.

OUTLOOK FOR THE DRY BULK MARKET

The global economy is projected to grow by 4-4.5% in 2007 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 5.5-6% on the back of firm underlying fundamentals. A total of 27 million dwt is due for delivery in 2007 resulting in a fleet growth of about 7%, which, due to strong demand will be absorbed. Overall, earnings in FY 08 are expected to be strong.

The dry bulk vessel orderbook stands at about 110 million dwt, or about 29.6% of the existing fleet, at the end of March 2006.

ASSET VALUES

Modern tankers witnessed steady values over the year, while modern dry-bulk carriers appreciated by 40-50% in value during the same period. Older tankers dropped 10 to 15% over the year, while older bulkers saw their values go up in line with the modern vessels.

New building prices for tankers increased by about 5-10% during the year. The new building prices for the dry bulk ships however moved up much faster by about 15-20%.

RISKS AND CONCERNS

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 2007-08, 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 53% 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 operating 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 opportune times.

FOREIGN EXCHANGE AND INTEREST RATE RISK MANAGEMENT

Your Company's revenue stream is predominantly in U.S. Dollars and hence exposed to exchange rate risks. However a natural risk mitigant is the fact that the substantial portion of your Company's expenses and debt servicing are linked to the U.S. Dollars. As to the residuary risk your Company proactively manages it by means of hedging instruments like forward exchange contracts and options whenever it considers doing so appropriately.

Your company is alert to the current fluctuation in the value of the rupee and has taken adequate precautions to protect its revenue stream. As on 31st March 2007 your Company had forward sold position of U.S. Dollars 86 million.

Similarly, against a possible rise in interest rates, your Company also has a system for taking suitable hedges through which its debt covered to fixed interest swaps to the extent of 54.33%.

QUALITY, SAFETY, HEALTH & ENVIRONMENT

Your Company is committed to achieving operational excellence and delivering flawless customer service using an integrated, risk based approach – on every ship and in every service. With the above in view several initiatives have been undertaken during the year.

Shipboard officers competency standard: We are now pioneering a process of implementing competency management system among our shipboard officers, whereby

competencies for various ranks of navigating officers and engineering officers are established based on business and quality objectives of our Company and necessary trainings are provided to ensure achievement of the required competencies. During the year a detailed study of the operation of your Company's vessels were carried out which included among others risk assessment, incident investigation, assessment of technology on board, operational procedures, and impact of new maritime rules / regulations in the identification of competency needs of various ranks of ship board officers. Based on identified competency needs, the required training modules are being developed now. The training would commence during the year 2007 – 2008. Your Company is convinced that this approach, which goes far beyond the mandatory STCW Convention training requirements, would result in your vessels being operated by personnel of higher competency levels.

Safety management system: To ensure safe operation of Chemical / Oil Tankers that have joined your Company's fleet during the year safety management system for Chemical Carriers, being a new ship type for your Company, was developed and established. Directorate General of Shipping on completion of satisfactory audit of the same has issued Interim Document of Compliance to your Company for Ship Type Chemical Carriers fulfilling the requirement of International Safety Management Code.

Health and environment protection: Your Company recognises environmental protection and management as one of its highest priorities and that every effort is to be made to conserve and protect the environment from marine, atmospheric and other forms of pollution.

During the year your Company completed laying down a frame work for Safety, Health and Environment Management System on board vessels and has started implementing it.

TRAINING

During the year your Company has started providing a shore based training programme for

the Ship's ratings to enhance their knowledge, understanding and skills to ensure smooth and efficient operation of ships. The training programme covers various issues viz. safety, health & hygiene, maritime security, environment protection and maintenance tasks.

To improve and maintain professional development of shipboard officer Computer Based Training Programme has been introduced on all ships during the year. The programme requires the trainees, on completion of each training module to be assessed on the computer and result recorded automatically in the system to demonstrate result achieved. The programme is being used with encouraging response from shipboard staff.

GREAT EASTERN INSTITUTE OF MARITIME STUDIES (GEIMS)

Spread over 74,000 square meters, Great Eastern Institute of Maritime Studies (GEIMS) at Lonavala has been providing residential Graduate Marine Engineer (GME) and Trainee Navigating Officer Cadet (TNOC) courses since January, 2006.

During the year Quality Management System was established at GEIMS and certified to ISO 9001 – 2000 standard.

CONSOLIDATED FINANCIAL STATEMENTS

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

The group recorded a consolidated net profit after prior period adjustment of Rs. 91243 lakhs for the year under review as compared to Rs. 88331 lakhs for the Company. The networth of the group as on March 31, 2007 was Rs. 312599 lakhs as compared to Rs. 306779 lakhs for the Company.

DEBT FUND RAISING

Keeping in view the expansion plans of the Company, funds raised through debt issuance was higher during the year as compared to Financial Year 2005-2006. During the year fresh debt of Rs.68118.22 Lakhs was raised. In addition loan of USD 36.649 million was refinanced to bring down the interest cost. Further an amount of Rs.8957.38 lakhs was prepaid during the year. The gross debt : equity ratio as on March 31, 2007 was 0.71 and the net (of cash) debt : equity was 0.37.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has in place adequate internal control systems commensurate with the nature of its business and the size of its operations. The audit process is conducted under the direction, guidance and supervision of the Audit Committee, which comprises of four 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 the Audit Committee. The Audit Committee met 5 times during the year.

IT INITIATIVES

Your Company has successfully implemented the Ship and Shore based ship management system thus ensuring compliance with TMSA (Tanker Management & Self Assessment) requirements. Your Maritime Institute at Lonavla is now Wi-Fi enabled which provides high accessibility. Your Company has taken initiatives towards consolidation of its I.T. infrastructure. The Network revamp is in progress after which plans are being drawn up to implement state of the art information security solutions. In its outlook towards social concerns, your Company has achieved considerable savings in power consumption by replacing the CRT monitors with TFT ones.

HUMAN RESOURCES

The organization continued to enjoy high level of commitment from its employees during the year. Based on a compensation benchmarking study, a salary correction was carried out in July, 2006. Employee Attrition level stood at 8.9% for the period under review. With the opening up of the global Industry and pace of growth of Indian economy, demand for competent professionals is on a high surge curve. Appropriate measures are being planned by the Company to ensure talent retention and employee engagement.

We witnessed enthusiastic participation from employees for the Mumbai Marathon held on 21st January, 2007 truly displaying our competitive spirit and openness to take on challenges. The organization continued to support learning and development initiatives to enhance soft skills as well as functional competencies of employees.

Manning of ships continued to pose daunting challenges on account of demand-supply gap. Effective representation by the Industry with the concerned agencies resulted in a re look of manning regulations which has helped to partly ease the situation. The organization has put in place a series of measures to maintain adequate manning levels and ensure loyalty of floating staff. As a long-term solution to overcome the manning shortage, we have started building up the talent base through our Institute - GEIMS, Lonavala. In order to attract the right talent, we have implemented a set of initiatives including an objective selection process.

Your Company had a total employee strength of 162 on shore and 782 floating as on March 31, 2007.

DIRECTORS

Mr. Vineet Nayyar, Mr. Bharat K. Sheth and Mr. R. N. Sethna retire by rotation and being eligible offer themselves for re-appointment.

Your Directors commend the resolutions that Mr. Bharat K. Sheth and Mr. Ravi K. Sheth shall be not liable to retire by rotation so long as they continue to be on the Board of the Company.

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 of the Listing Agreement, relating to Corporate Governance. A separate section on Corporate Governance forms part of the Directors' Report and the certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance is included in the Annual Report.

B. RISK MANAGEMENT PROCESS

In accordance with requirements of Clause 49 of the Listing Agreement your Company has established a Risk Management programme for its business risks, with assistance from external experts. The programme is built upon the foundation of the existing risk management process and practices of the Company and has evolved a structured approach for risk management to manage significant risks faced by your Company.

The Risk Management framework and reporting regime enables the Company to proactively assess and demonstrate whether its significant risks are properly identified and controlled, and to potentially eliminate unnecessary control related overheads.

The Risk Management framework involves Risk Identification, Assessment, Treatment/ Action Plan, Review and Reporting as a continuous process.

Your Directors therefore believe that the Company has a sound risk assessment and minimisation procedure in place.

DIRECTORS

STATEMENT

RESPONSIBILITY

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, etc. and includes foreign exchange savings of Rs.73774 lakhs) | 224033 |
| (b) Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships (net of loan), interest payment, etc. | 164104 |

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 reappointment.

APPRECIATION

Your Directors express their sincere thanks to all customers, charterers, vendors, investors, shareholders, 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., Mercantile Marine Department 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, May 04, 2007

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 its 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 it's Boards' 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 9 Directors as on March 31, 2007 of which 6 are Non Executive Directors. As the Company has an Executive Chairman, as per the requirements of clause 49 of the Listing Agreement, 50% of the Board should comprise of Independent Directors. Accordingly the Company has 5 Independent Directors as on March 31, 2007.

During the year ended March 31, 2007, 10 Board Meetings were held on April 28, 2006, June 02, 2006, July 31, 2006, August 02, 2006, August 09, 2006, October 27, 2006, December 18, 2006, January 25, 2007, February 16-18, 2007 and March 23, 2007.

The composition of the Board, attendance at Board and Annual General Meeting, 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 2006-07 Attendance at | | As on March 31, 2007 | | | Shareholding of the |
|-----------------------|--|--------------------------|------------------------|---------------------------------|-----------------------|----------|---|
| | | Board Meetings | Annual General Meeting | No. of other Director-Ships ### | Committee Positions ® | | Non Executive Directors in the Company as on March 31, 2007 |
| | | | | | Member | Chairman | |
| Mr. K. M. Sheth | Promoter, Executive Chairman | 10 | Yes | 1 | - | - | - |
| Mr. Bharat K. Sheth | Promoter, Dy. Chairman & Managing Director | 10 | Yes | 1 | - | - | - |
| Mr. Ravi K. Sheth | Promoter, Executive Director | 10 | Yes | 4 | - | - | - |
| Ms. Asha V. Sheth | Promoter, Non Executive Director | 8 | Yes | - | - | - | 2354776 |
| Mr. R. N. Sethna | Non Executive Independent Director | 10 | Yes | 5 | 1 | 2 | 40000 |
| Mr. Cyrus Guzder | Non Executive Independent Director | 8 | Yes | 4 | - | 1 | 1178 |
| Mr. Keki Mistry | Non Executive Independent Director | 9 | Yes | 10 | 5 | 2 | 640 |
| Mr. Vineet Nayyar | Non Executive Independent Director | 7 | No | 7 | - | - | 23005 |
| Mr. Berjis Desai * | Non Executive Independent Director | 3 | Yes | 10 | 3 | 3 | 800 |
| Mr. Vijay K. Sheth ** | Promoter, Managing Director | 5 | No | - | - | - | - |
| Mr. Manu Shroff *** | Non Executive Independent Director | - | No | - | - | - | - |
| Mr. T. N. Pandey # | Non Executive Independent Director | 6 | Yes | - | - | - | - |

* Mr. Berjis Desai was appointed as an Additional Director of the Company on October 27, 2006.

** 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.

*** Mr. Manu Shroff expired on January 29, 2007.

Mr. T. N. Pandey ceased to be a Director of the Company w.e.f. December 18, 2006.

Excludes Directorships in private limited companies, foreign companies and Section 25 companies.

@ Includes memberships of Audit and Shareholders' Grievance Committees. Membership does not include Chairmanship of Committees.

Mr. Vineet Nayyar, Mr. Bharat K. Sheth and Mr. R. N. Sethna are liable to retire by rotation and are eligible for re-election.

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

All Personnel to whom the Code of Conduct is applicable have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2007. A declaration to this effect, duly signed by the Deputy Chairman and Managing Director, is annexed hereto.

Board Meetings

The Board Meetings of the Company 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 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 Committee comprises of 4 Independent Directors, namely, Mr. Keki Mistry, Mr. R. N. Sethna, Mr. Cyrus Guzder and Mr. Berjis Desai. The Committee met 5 times on April 19, 2006, April 28, 2006, July 31, 2006, October 27, 2006 and January 25, 2007. Details of attendance of the members at the Committee meetings are as follows:

| | Mr. Keki Mistry (Chairman) ^{\$} | Mr. R. N. Sethna | Mr. Cyrus Guzder * | Mr. Berjis Desai ** | Mr. Manu R. Shroff # |
|--------------------------------|---|---------------------|-----------------------|------------------------|-------------------------|
| Number of meetings attended | 5 | 5 | 4 | – | – |

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

** Mr. Berjis Desai has been appointed as a member of the Audit Committee w.e.f. January 25, 2007 and thereafter no further meetings of the Committee have been held upto March 31, 2007.

Mr. Manu Shroff ceased to be the member of the Audit Committee with effect from January 25, 2007.

\$ Mr. Keki Mistry has been designated as Chairman of the Audit committee w.e.f. April 05, 2007.

The Audit Committee Meetings are attended by the President - Corporate, Chief Financial Officer, representatives of Internal Audit Firm and Statutory Auditors. Whenever required, the Deputy Chairman and Managing Director 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

As on date the Committee comprises of 3 Independent Directors, namely, Mr. Cyrus Guzder, Mr. R. N. Sethna and Mr. Berjis Desai. The Committee met twice on April 28, 2006 and October 20, 2006. Details of attendance of members at the Committee meetings are as follows:

| | Mr. Cyrus Guzder (Chairman) | Mr. R. N. Sethna | Mr. Berjis Desai * | Mr. T. N. Pandey ** | Mr. Manu R. Shroff # |
|-----------------------------|--------------------------------|------------------|--------------------|---------------------|----------------------|
| Number of meetings attended | 2 | 2 | – | 2 | – |

* Mr. Berjis Desai has been appointed as a member of the Remuneration Committee w.e.f January 25, 2007 and thereafter no further meetings of the Committee have been held up to March 31, 2007

** Mr. T. N. Pandey ceased to be the member of the Remuneration Committee w.e.f December 18, 2006.

Mr. Manu R. Shroff ceased to be a member of the Remuneration Committee w.e.f. January 25, 2007.

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 for FY 2006-07

| Name of Director | Salary* (Rs.) | Benefits (Rs.) | Sitting Fees (Rs.) | Commission (Rs.) |
|---------------------|--------------------|-----------------|--------------------|--------------------|
| Mr. K. M. Sheth | 1,32,49,998 | 2,47,087 | – | 3,07,50,000 |
| Mr. Bharat K. Sheth | 1,11,99,996 | 2,31,438 | – | 3,36,00,000 |
| Mr. Ravi K. Sheth | 79,00,004 | 4,03,591 | – | 1,58,00,000 |
| Mr. Cyrus Guzder | – | – | 85,000 # | 12,50,000 |
| Mr. Keki Mistry | – | – | 70,000 | 12,50,000 |
| Mr. Vineet Nayyar | – | – | 40,000 # | 12,50,000 |
| Mr. T. N. Pandey | – | – | 40,000 | 9,00,000 |
| Mr. R. N. Sethna | – | – | 90,000 # | 12,50,000 |
| Ms. Asha V. Sheth | – | – | 45,000 | 12,50,000 |
| Mr. Berjis Desai | – | – | 20,000 | 5,25,000 |
| Mr. Manu R. Shroff | – | – | – | – |
| Total | 3,23,49,998 | 8,82,116 | 3,90,000 | 8,78,25,000 |

* Salary includes contribution to provident fund and superannuation fund.

Includes sitting fees for meetings of the Special Committees 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.
- The Remuneration Committee has formulated a Retirement Benefit Scheme for the Wholetime Directors. The Board approved Scheme has been made effective from January 1, 2005. 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. 241.07 lakhs (previous year Rs. 242.75 lakhs) has been provided during the year for pension payable to the Wholetime Directors on their retirement.

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

As on date the Committee comprises of 3 Non Executive Directors namely Mr. Cyrus Guzder, Mr. Berjis Desai and Ms. Asha Sheth. The Committee met once on March 22, 2007. The details of attendance of the members at the Committee meetings are as follows:

| | Mr. Cyrus Guzder (Chairman) ^{\$} | Mr. Berjis Desai [*] | Ms. Asha Sheth | Mr. T. N. Pandey [#] |
|-----------------------------|--|--|---------------------------|--|
| Number of meetings attended | 1 | 1 | 1 | – |

* Mr. Berjis Desai was appointed as a member of the Committee w.e.f. January 25, 2007.

Mr. T. N. Pandey ceased to be a member of the Committee w.e.f. December 18, 2006.

\$ Mr. Cyrus Guzder has been designated as Chairman of the Committee w.e.f. January 25, 2007.

- Mr. Jayesh M. Trivedi, Company Secretary is the Compliance Officer of the Company.

- During the year under review, 70 complaints were received from investors which were replied / resolved to the satisfaction of the investors.
- 07 requests for transfer involving 1,144 shares and 100 requests for dematerialisation involving 24,926 shares were pending for approval as on March 31, 2007. These pending requests were duly approved and dealt with by the Company.

4. RISK MANAGEMENT

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

Detailed note on Risk Management is given in the Directors' Report.

5. GENERAL MEETINGS

Location and time of previous three Annual General Meetings

| Date & Year | Time | Location |
|-------------------|-----------|---|
| December 18, 2006 | 3.00 p.m. | Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020. |
| 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. |

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 |
|-------------------------|-----------------------------------|---|
| June 25, 2004 | Yes | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Revision in the terms of appointment of Mr. Ravi K. Sheth. |
| November 16, 2005 (EGM) | Yes* | <ul style="list-style-type: none"> • Court convened meeting for approving the Scheme of Arrangement being demerger of the Offshore Services Division of the Company into Great Offshore Limited. • Reduction of issued, subscribed and paid up share capital of the Company upon the demerger. |
| December 18, 2006 | Yes | <ul style="list-style-type: none"> • Payment of commission to Non Wholetime Directors. • Appointment of Mr. K. M. Sheth as Wholetime Director designated as Executive Chairman. • According consent to Ms. Ketaki Sheth to hold and continue to hold an office or place of profit in the Company as an officer of the Company. |

* 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 and the Chief Financial Officer have issued a certificate to the Board in compliance with Clause 49 (V) of the Listing Agreement for the Financial Year ended March 31, 2007.

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. Presentations 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 | July 26, 2007 |
| Time | 3.00 p.m. |
| Venue | Chavan Centre, Gen. Jagannath Bhosale Marg, Near Sachivalaya Gymkhana, Mumbai 400 021 |
| Dividend Payment Date | July 31, 2007 |
| Date of Book closure | July 12, 2007 to July 19, 2007 (both days inclusive) |

Financial Calendar

| | |
|----------------------|--|
| 1st Quarterly Result | Fourth week of July, 2007 |
| 2nd Quarterly Result | Third week of October, 2007 |
| 3rd Quarterly Result | Fourth week of January, 2008 |
| 4th Quarterly Result | Last week of April, 2008/first week of May, 2008 |

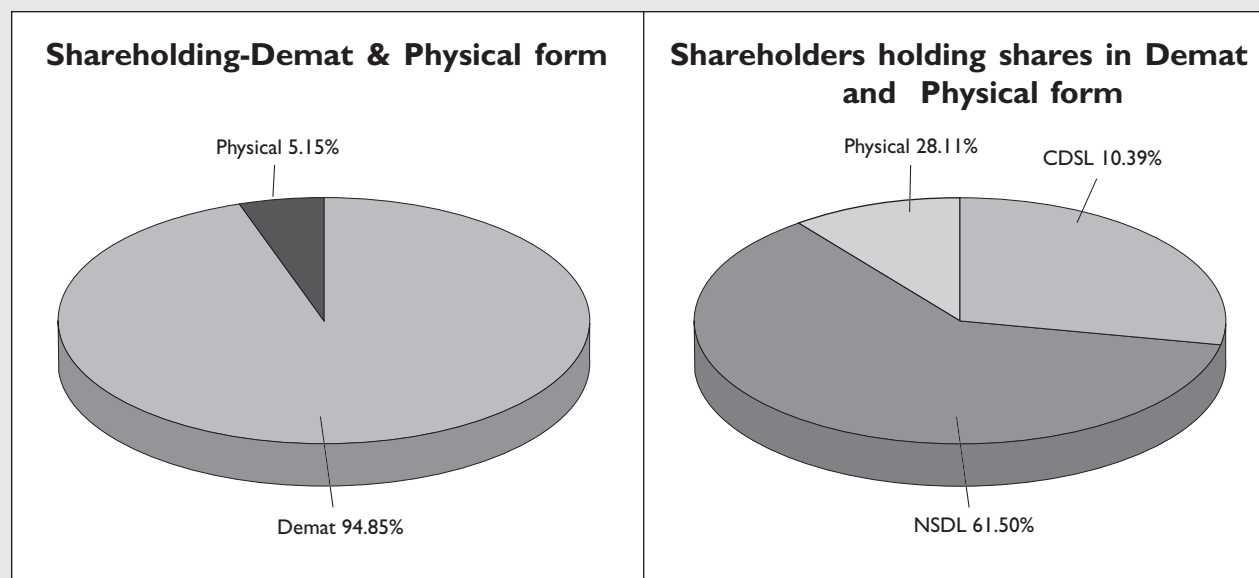
Listing on Stock Exchanges

| Stock Exchange | Stock Code | ISIN No. |
|--|------------|---------------|
| Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 | 500620 | INE 017A01032 |
| National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 | GESHIP | |

| 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 of India Ltd. 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: shareproservices@shareproservices.com | Share Transfer requests received in physical form are 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 GDRs

49,853 GDRs are outstanding as on March 31, 2007.

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: shareproservices@shareproservices.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 2001 and the corresponding dates when unclaimed dividend are due to be transferred to the Investor Education and Protection Fund. Table 2 gives the unclaimed dividend amount since 2000.

An amount of Rs. 20,38,273/- being unclaimed 45th (final) dividend was transferred during the year and Rs. 17,54,447/- being unclaimed 46th (Interim) dividend was transferred on May 04, 2007 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

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 I

| DUE DATES OF TRANSFERRING UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) | | | | |
|--|---------------------|-------------|----------------------------|---|
| Year | Dividend No. | Type | Date of Declaration | Due Date of Transfer to IEPF |
| 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 |
| 2007 | 53 (I) | 1st Interim | 27.10.2006 | 26.11.2013 |
| 2007 | 53 (I) | 2nd Interim | 25.01.2007 | 24.02.2014 |

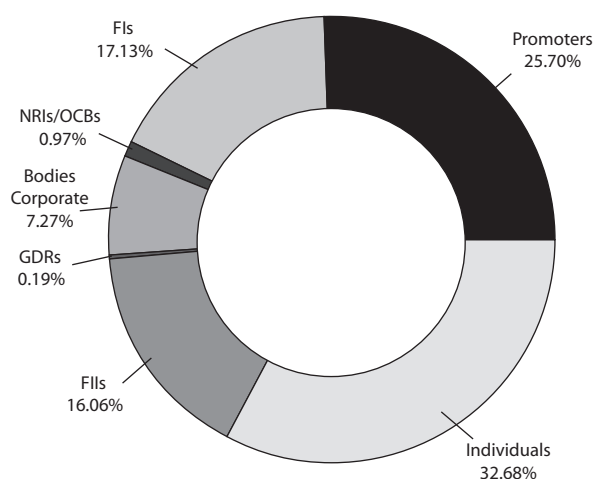
Table 2

| UNCLAIMED DIVIDEND AS OF MARCH 31, 2007 | | | | | | | | |
|---|----------|-------------|------------------------|---------------------------|-------------|--------------------------------|--------------------------------|-------------|
| Year | Div. No. | Type | No. of Warrants Issued | No. of Warrants Unclaimed | % Unclaimed | Amount of Dividend (Rs. lakhs) | Dividend Unclaimed (Rs. lakhs) | % Unclaimed |
| 2000 | 46 (I) | Interim | 188606 | 7155 | 3.79 | 3883 | 18.55 | 0.48 |
| 2001 | 47 | Final | 160040 | 7926 | 4.95 | 5937 | 29.12 | 0.49 |
| 2002 | 48 | Final | 159175 | 7733 | 4.86 | 6981 | 37.19 | 0.53 |
| 2003 | 49 | Final | 145716 | 8595 | 5.90 | 7613 | 46.26 | 0.61 |
| 2004 | 50 (I) | Interim | 128230 | 9896 | 7.72 | 4758 | 31.49 | 0.66 |
| 2004 | 50 | Final | 134202 | 8956 | 6.67 | 7613 | 44.59 | 0.59 |
| 2005 | 51 (I) | Interim | 121451 | 10427 | 8.59 | 6662 | 47.05 | 0.71 |
| 2005 | 51 (I) | 2nd Interim | 121169 | 10600 | 8.75 | 4758 | 35.83 | 0.75 |
| 2005 | 51 | Final | 121845 | 10185 | 8.36 | 5710 | 40.91 | 0.72 |
| 2006 | 52 (I) | Interim | 123110 | 10576 | 8.59 | 7613 | 55.13 | 0.72 |
| 2006 | 52 (I) | 2nd Interim | 118343 | 11458 | 9.68 | 4758 | 39.46 | 0.83 |
| 2006 | 52 (I) | 3rd Interim | 114247 | 11018 | 9.64 | 6662 | 52.81 | 0.79 |
| 2007 | 53 (I) | Interim | 115379 | 10562 | 9.15 | 6091 | 53.99 | 0.87 |
| 2007 | 53 (I) | 2nd Interim | 117090 | 17511 | 14.96 | 4568 | 55.92 | 1.22 |

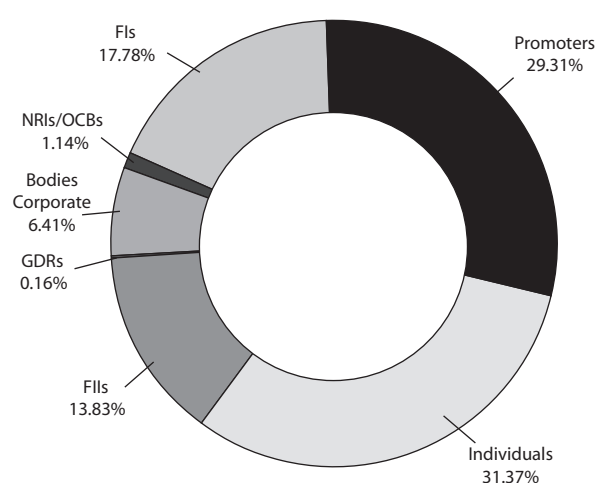
DISTRIBUTION OF HOLDINGS AS ON MARCH 31, 2007

| NO. OF SHARES HELD | | SHARE HOLDERS | | NO. OF SHARES | |
|--------------------|-----------|---------------|------------|---------------|------------|
| | | NUMBER | % TO TOTAL | SHARES | % TO TOTAL |
| 0 | 500 | 98152 | 86.125 | 11763610 | 7.725 |
| 501 | 1000 | 7455 | 6.542 | 5355634 | 3.517 |
| 1001 | 2000 | 4140 | 3.633 | 5869605 | 3.855 |
| 2001 | 3000 | 1387 | 1.217 | 3406335 | 2.237 |
| 3001 | 4000 | 809 | 0.710 | 2865943 | 1.882 |
| 4001 | 5000 | 361 | 0.317 | 1620589 | 1.064 |
| 5001 | 10000 | 832 | 0.730 | 5897312 | 3.873 |
| 10001 | AND ABOVE | 828 | 0.727 | 115494896 | 75.847 |
| TOTAL | | 113964 | 100.00 | 152273924 | 100.00 |

Shareholding Pattern as on March 31, 2006

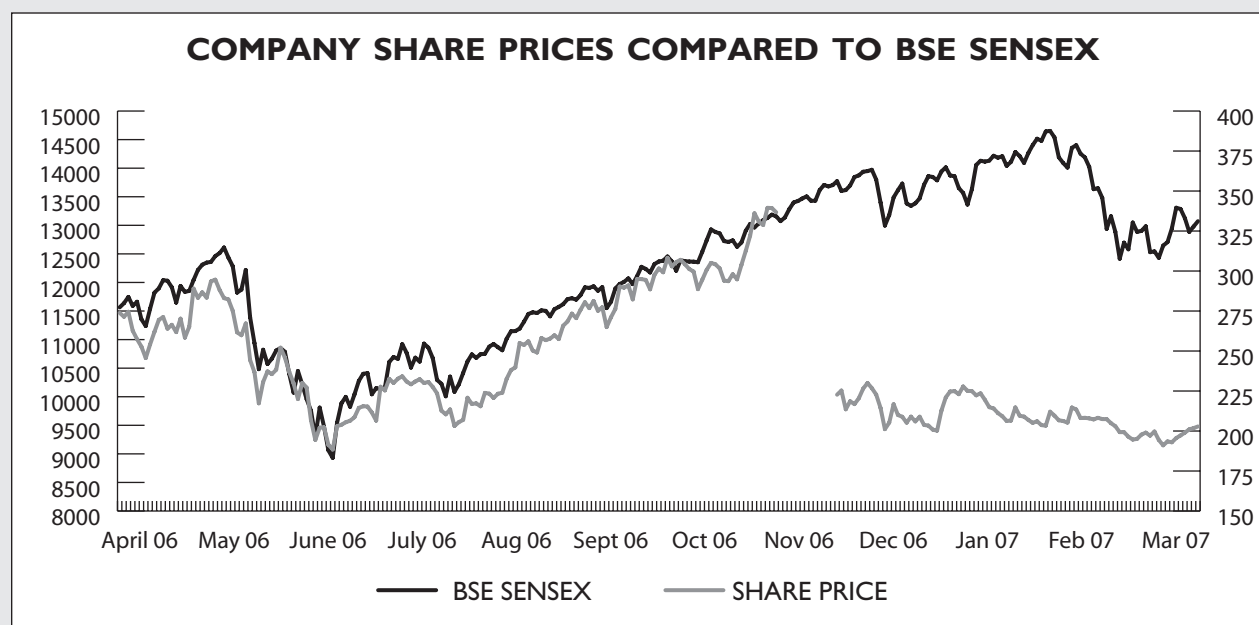


Shareholding Pattern as on March 31, 2007



MARKET PRICE DATA - HIGH / LOW DURING EACH MONTH IN THE YEAR 2006- 07

| Month | Market Price (Rs.) | | Volume |
|----------------|--------------------|--------|----------|
| | Highest | Lowest | Shares |
| APRIL 2006 | 291.25 | 239.15 | 7556258 |
| MAY 2006 | 300.55 | 200.00 | 7263255 |
| JUNE 2006 | 246.00 | 171.00 | 6022047 |
| JULY 2006 | 240.00 | 196.15 | 4202835 |
| AUGUST 2006 | 276.40 | 207.00 | 16483191 |
| SEPTEMBER 2006 | 309.55 | 258.55 | 10126225 |
| OCTOBER 2006 | 338.95 | 285.30 | 14173414 |
| NOVEMBER 2006 | 353.00 | 212.10 | 17014303 |
| DECEMBER 2006 | 233.50 | 192.00 | 6838027 |
| JANUARY 2007 | 228.85 | 202.00 | 5095664 |
| FEBRUARY 2007 | 219.00 | 199.00 | 2955406 |
| MARCH 2007 | 210.00 | 185.00 | 2986118 |



Note : Dealing in the shares of the Company on BSE was suspended w.e.f. November 08, 2006 to November 26, 2006 on account of the Scheme of Arrangement and Demerger.

STATUS OF COMPLIANCE WITH NON MANDATORY REQUIREMENTS

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.

Shareholders' 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 neither formulated nor adopted any such policy.

DECLARATION BY THE DEPUTY CHAIRMAN & MANAGING DIRECTOR 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, 2007.

For The Great Eastern Shipping Co. Ltd.

Mumbai, May 04, 2007

Bharat K. Sheth
Deputy Chairman & Managing Director

**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, 2007, 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 with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, 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

Viraf R. Mehta
Partner
M. No. 32083
Mumbai, May 15, 2007

Asset Profile

Fleet as on March 31, 2007

| Category | | Vessel Name | DWT (MT) | Yr Built | Av. Age (yrs) |
|---------------------------|-----------|-----------------------------|----------|----------|---------------|
| CRUDE OIL CARRIERS | | | | | |
| VLCC | | | | | |
| Total Tonnage (dwt) | 1,861,953 | 1 Ardeshir H. Bhiwandiwalla | 265,955 | 1992 | |
| No. of Ships | 14 | | | | |
| Average Age (yrs) | 10.61 | 1 | 265,955 | | 15.00 |
| % of Total Tonnage | 57% | | | | |
| Suezmax | | | | | |
| | | 1 Jag Lalit | 158,344 | 2005 | |
| | | 2 Jag Lok | 158,280 | 2005 | |
| | | 3 Jag Layak | 147,834 | 1996 | |
| | | 4 Jag Laadki | 145,242 | 1992 | |
| | | 5 Jag Lakshya | 152,485 | 1989 | |
| | | 5 | 762,185 | | 9.42 |
| Aframax | | | | | |
| | | 1 Jag Lyall | 110,531 | 2006 | |
| | | 2 Jag Lavanya | 105,010 | 2004 | |
| | | 3 Jag Lata | 105,716 | 2003 | |
| | | 4 Jag Leela | 105,148 | 1999 | |
| | | 5 Jag Laxmi | 105,051 | 1999 | |
| | | 6 Jag Labh | 96,551 | 1988 | |
| | | 7 Jag Lamha | 98,214 | 1987 | |
| | | 8 Jag Leher | 107,592 | 1986 | |
| | | 8 | 833,813 | | 10.30 |
| PRODUCT CARRIERS | | | | | |
| Panamax | | | | | |
| Total Tonnage (dwt) | 742,765 | 1 Jag Anjali | 66,203 | 1986 | |
| No. of Ships | 18 | 2 Jag Arpan | 66,183 | 1986 | |
| Average Age (yrs) | 15.10 | | | | |
| % of Total Tonnage | 23% | 2 | 132,386 | | 21.00 |
| Medium Range | | | | | |
| | | 1 Jag Panna | 37,145 | 2007 | |
| | | 2 Jag Payal | 37,159 | 2007 | |
| | | 3 Jag Prakash | 47,848 | 2007 | |
| | | 4 Jag Pahel | 46,319 | 2004 | |
| | | 5 Jag Pankhi | 46,273 | 2003 | |
| | | 6 Jag Pradip | 45,684 | 1996 | |
| | | 7 Jag Pratap | 45,693 | 1995 | |
| | | 8 Jag Pavitra | 50,600 | 1985 | |
| | | 9 Jag Pranam | 50,600 | 1984 | |
| | | 9 | 407,321 | | 8.97 |
| General Purpose | | | | | |
| | | 1 Jag Parwar | 29,998 | 1988 | |
| | | 2 Jag Palak | 27,400 | 1985 | |
| | | 3 Jag Pragati | 27,402 | 1985 | |
| | | 4 Jag Prayog | 29,990 | 1982 | |
| | | 5 Jag Praja | 29,990 | 1982 | |
| | | 6 Jag Pari | 29,139 | 1982 | |
| | | 7 Jag Preeti | 29,139 | 1981 | |
| | | 7 | 203058 | | 23.45 |

Fleet as on March 31, 2007

| Category | | | Vessel Name | DWT (MT) | Yr Built | Av. Age (yrs) |
|--------------------------|-----------|---|-------------|----------------|----------|---------------|
| GAS CARRIERS | | | | | | |
| LPG Carriers | | | | | | |
| Total Tonnage (dwt) | 45,977 | 1 | Jag Viraj | 17,577 | 1991 | |
| No. of Ships | 2 | 2 | Jag Vayu | 28,400 | 1978 | |
| Average Age (yrs) | 24.00 | | | | | |
| % of Total Tonnage | 1.4% | 2 | | 45,977 | | 24.03 |
| DRY BULK CARRIERS | | | | | | |
| Capesize | | | | | | |
| Total Tonnage (dwt) | 616,966 | 1 | Jag Arjun | 164,796 | 1996 | |
| No. of Ships | 11 | 1 | | 164,796 | | 11.00 |
| Average Age (yrs) | 14.4 | | | | | |
| % of Total Tonnage | 19% | | | | | |
| Panamax | | | | | | |
| | | 1 | Jag Arnav | 71,122 | 1995 | |
| | | 2 | Jag Akshay | 73,350 | 1994 | |
| | | 2 | | 144,472 | | 12.50 |
| 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 | | 12.80 |
| Handysize | | | | | | |
| | | 1 | Jag Vikram | 27,463 | 1980 | |
| | | 2 | Jag Vidya | 27,451 | 1977 | |
| | | 3 | Jag Vikas | 26,781 | 1977 | |
| | | 3 | | 81,695 | | 29.00 |
| FLEET TOTAL | | | | | | |
| Total Tonnage (dwt) | 3,267,661 | | | | | |
| Total Number of Ships | 45 | | | | | |
| Average Age (yrs) | 12.5 | | | | | |

Acquisitions and Sales during FY 2006-07

ACQUISITIONS

| Category | Type | Vessel Name | DWT (MT) | Year Built | Month of Addition |
|------------------------------|-------------------|-------------|----------|------------|-------------------|
| New Built Deliveries | | | | | |
| Product Tanker | Medium Range (MR) | Jag Prakash | 47,848 | 2007 | Mar-07 |
| | Medium Range (MR) | Jag Payal | 37,159 | 2007 | Mar-07 |
| | Medium Range (MR) | Jag Panna | 37,145 | 2007 | Jan-07 |
| Second Hand Additions | | | | | |
| Crude Oil Carriers | Suezmax | Jag Layak | 147,834 | 1996 | Nov-06 |
| Product Tanker | General Purpose | Jag Parwar | 29,998 | 1988 | Feb-07 |
| Dry Bulk Carriers | Capesize | Jag Arjun | 164,796 | 1996 | Mar-07 |
| | Panamax | Jag Akshay | 73,350 | 1994 | Mar-07 |

SALES

| Category | Type | Vessel Name | DWT (MT) | Year Built | Month of Sale |
|--------------------|-------------------|-------------|----------|------------|---------------|
| Crude Oil Carriers | Aframax | Jag Leena | 95,007 | 1985 | Aug-06 |
| Product Tanker | Medium Range (MR) | Jag Padma | 47,803 | 1982 | Feb-07 |
| | Medium Range (MR) | Jag Prachi | 44,124 | 1996 | May-06 |

Vessels on Order as on May 04, 2007

| Category | Type | Shipyard | DWT (MT) | Month of Contracting | Expected Delivery |
|---|----------------|---------------------------|----------|----------------------|-------------------|
| New Building Order Book position | | | | | |
| Product Carrier | Long Range One | STX Shipbuilding Co. Ltd. | 74,500 | Mar-06 | End 2008 |
| | Long Range One | STX Shipbuilding Co. Ltd. | 74,500 | Mar-06 | End 2008 |
| | Long Range One | STX Shipbuilding Co. Ltd. | 74,500 | Mar-06 | Mid 2009 |
| | Long Range One | STX Shipbuilding Co. Ltd. | 74,500 | Mar-06 | Mid 2009 |
| | Medium Range | STX Shipbuilding Co. Ltd. | 47,400 | Apr-04 | Sep-2007 |

Transactions between April 01, 2007 to May 04, 2007

ACQUISITIONS

| Category | Type | Vessel Name | DWT (MT) | Year Built |
|---------------------------------|--------------|-------------|----------|------------|
| Product Tanker | Medium Range | Jag Pushpa | 47,848 | 2007 |
| SECOND HAND ACQUISITIONS | | | | |
| Dry Bulk | Handymax | Jag Riddhi | 47,240 | 1997 |
| SALES | | | | |
| Category | Type | Vessel Name | DWT (MT) | Year Built |
| Crude Tanker | Suezmax | Jag Laadki | 145,242 | 1992 |

Subsidiary Fleet as on May 04, 2007
Greatship (India) Limited

| Category | | Vessel Name | | DWT (MT) | Year Built | Av. Age (yrs) |
|--------------------------|-------|------------------------|----------------------|----------|------------|---------------|
| OFFSHORE SUPPORT VESSELS | | | | | | |
| | | Platform Supply Vessel | | | | |
| Number | 2 | | | | | |
| Average Age (yrs) | 6.0 | | | | | |
| | | 1 | m.v. Greatship Disha | 3,115 | 1999 | |
| | | 2 | m.v. Greatship Diya | 3,350 | 2003 | |
| | | 2 | | 6,465 | | 6.0 |
| FLEET TOTAL | | | | | | |
| Number | 2 | | | | | |
| Total Tonnage(dwt) | 6,465 | | | | | |
| Average Age (yrs) | 6.0 | | | | | |

Subsidiary Order Book as on May 04, 2007

| Category | Type | Shipyard | Month of Contracting | Expected Delivery |
|--|--|--|----------------------|-------------------|
| New Building Order Book Position | | | | |
| Offshore Support Vessels | | | | |
| | 1. Platform Supply Vessel | Aker Yard ASA, Norway | Apr-06 | Q2 FY09 |
| | 2. Platform Supply Vessel | Aker Yard ASA, Norway | Apr-06 | Q3 FY09 |
| | 3. Anchor Handling Tug cum Supply Vessel | Colombo Dockyard Ltd., Srilanka | Aug-06 | Q3 FY08 |
| | 4. Anchor Handling Tug cum Supply Vessel | Colombo Dockyard Ltd., Srilanka | Aug-06 | Q4 FY08 |
| | 5. Anchor Handling Tug cum Supply Vessel | Labroy Shipbuilding & Engineering Pte. Ltd., Singapore | Sep-06 | Q4 FY09 |
| | 6. Anchor Handling Tug cum Supply Vessel | Labroy Shipbuilding & Engineering Pte. Ltd., Singapore | Sep-06 | Q4 FY09 |
| | 7. Anchor Handling Tug cum Supply Vessel | Labroy Shipbuilding & Engineering Pte. Ltd., Singapore | Sep-06 | Q1 FY10 |
| | 8. Anchor Handling Tug cum Supply Vessel | Labroy Shipbuilding & Engineering Pte. Ltd., Singapore | Sep-06 | Q2 FY10 |
| Exploration Rig in Greatship Global Energy Services Pte. Ltd., Singapore | | | | |
| | Jack Up Rig | Keppel Fels Ltd., Singapore | Jun-06 | Q3 FY10 |

Second Hand Acquisition

| Category | Type | Shipyard | Month of Contracting | Expected Delivery |
|--------------------------|------------------------|----------------|----------------------|-------------------|
| Offshore Support Vessels | | | | |
| | Platform Supply Vessel | Brevik, Norway | Sep-06 | Q2 FY08 |

Financials

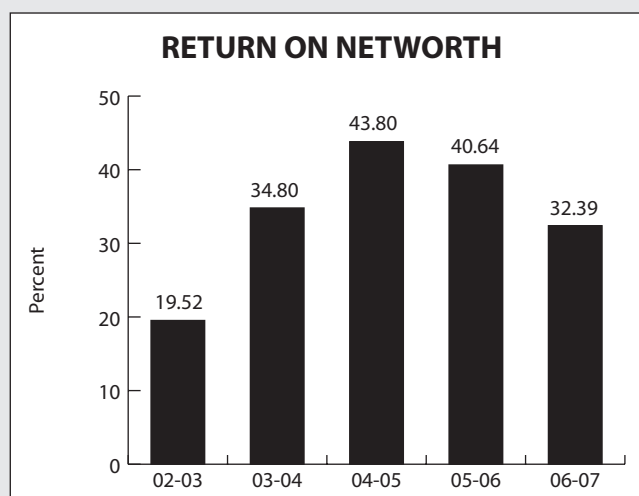
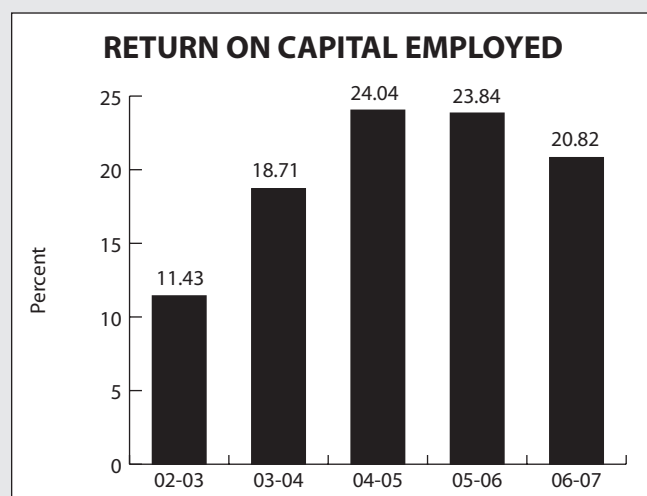
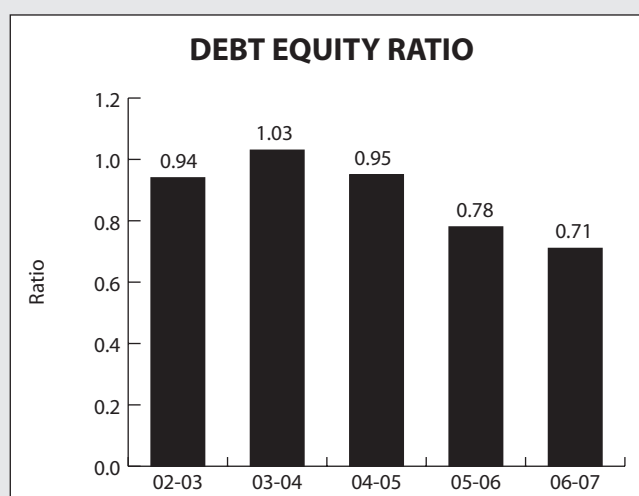
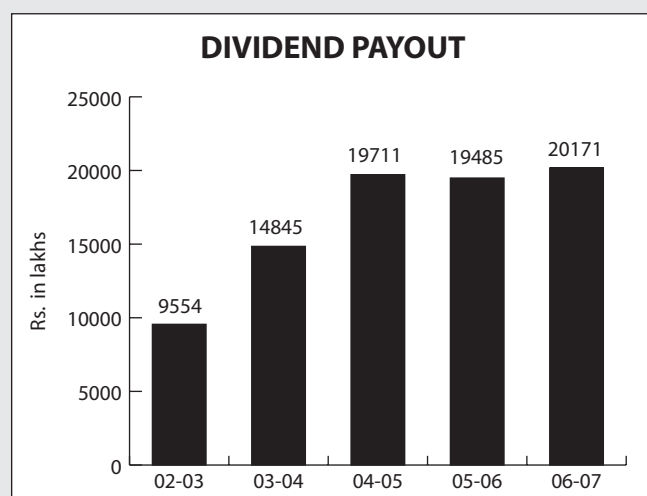
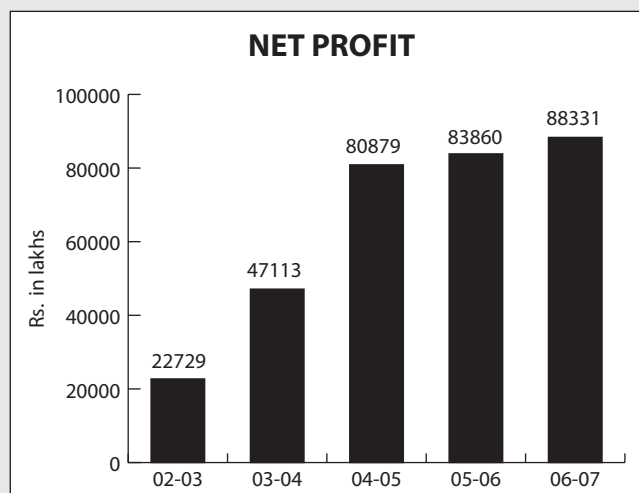
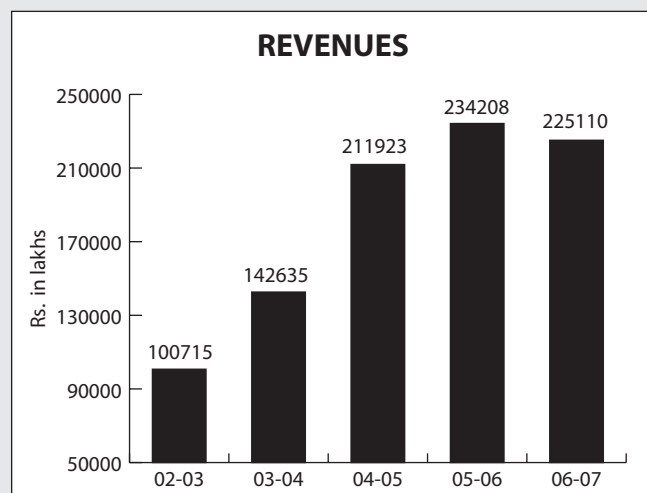
The Year at a Glance

| | March 31, 2007 | | March 31, 2006 | |
|--|---|---------------|----------------|---------------|
| | Rs | US\$ | Rs | US\$ |
| | (in lakhs) | (in millions) | (in lakhs) | (in millions) |
| | (except for Earnings & Cash earnings per share) | | | |
| For the year | | | | |
| Total Revenue | 225110 | 497 | 234208 | 529 |
| Operating Profit (PBIDT) | 128233 | 283 | 134307 | 304 |
| Net Profit | 88331 | 195 | 83860 | 190 |
| PBIDT as a percentage of total revenue | 56.96% | 56.96% | 57.35% | 57.35% |
| Earnings per share (Rs./US\$) | 58.01 | 1.28 | 55.07 | 1.24 |
| Cash earnings per share (Rs./US\$) | 75.43 | 1.67 | 79.39 | 1.79 |
| Dividend amount (Including tax on dividend) | 20171 | 45 | 19485 | 44 |
| Capital Investment | 130385 | 288 | 94601 | 214 |
| At the end of the year | | | | |
| Total assets | 559727 | 1290 | 460110 | 1031 |
| Fixed assets | 381241 | 878 | 286505 | 642 |
| Total debt | 218978 | 505 | 186915 | 419 |
| Net worth | 306779 | 707 | 238619 | 535 |
| Equity Capital | 15227 | 35 | 15227 | 34 |

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

| | Rs./US\$ | |
|---------------|----------------|---------|
| Exchange Rate | 2006-07 | 2005-06 |
| - Average | 45.26 | 44.24 |
| - Closing | 43.40 | 44.62 |

Financial Highlights



Note : Figures relating to the year 2005-06 and 2006-07 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)

| | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| PROFIT & LOSS A/C | | | | | | | | | | |
| Revenues | | | | | | | | | | |
| Income from operations | 88102 | 92896 | 91464 | 108068 | 117243 | 95547 | 135194 | 204920 | 193477 | 199751 |
| Profit on sale of ships | 1693 | 54 | 4795 | 3598 | 58 | 1598 | 860 | 2475 | 33136 | 13631 |
| Other income | 6615 | 5090 | 3187 | 3836 | 2234 | 3570 | 6581 | 4528 | 7595 | 11728 |
| | 96410 | 98040 | 99446 | 115502 | 119535 | 100715 | 142635 | 211923 | 234208 | 225110 |
| Expenditure | | | | | | | | | | |
| Operating profit (PBIDT) | 42058 | 38195 | 36843 | 47397 | 50478 | 45273 | 74000 | 115905 | 134307 | 128233 |
| Interest & finance charges | 6504 | 5782 | 6081 | 7174 | 5027 | 3900 | 4695 | 8287 | 9694 | 10718 |
| PBDT | 35554 | 32413 | 30762 | 40223 | 45451 | 41373 | 69305 | 107618 | 124613 | 117515 |
| Depreciation | 15581 | 16470 | 18117 | 20082 | 20173 | 16798 | 20121 | 28500 | 28281 | 26526 |
| Impairment loss on certain assets | – | – | – | – | – | – | – | – | 8755 | – |
| Provisions | 850 | 500 | – | – | – | – | – | – | – | – |
| PBT | 19123 | 15443 | 12645 | 20141 | 25278 | 24575 | 49184 | 79118 | 87577 | 90989 |
| Tax : | | | | | | | | | | |
| – Current | 2700 | 2800 | 1600 | 2400 | 2600 | 850 | 2700 | 2200 | 2600 | 3100 |
| – Deferred | – | – | – | – | 1928 | 2074 | (263) | (4738) | 406 | – |
| – Fringe benefit | – | – | – | – | – | – | – | – | 221 | 100 |
| PAT | 16423 | 12643 | 11045 | 17741 | 20750 | 21651 | 46747 | 81656 | 84350 | 87789 |
| Add/(less) : Prior period adjustments | 267 | 125 | 95 | (88) | (1031) | 1078 | 366 | (777) | (490) | 542 |
| Net Profit | 16690 | 12768 | 11140 | 17653 | 19719 | 22729 | 47113 | 80879 | 83860 | 88331 |
| BALANCE SHEET | | | | | | | | | | |
| What the Company owned | | | | | | | | | | |
| Net Block | 134190 | 165911 | 168043 | 152352 | 168076 | 167258 | 232852 | 287418 | 275531 | 363241 |
| Ships under construction | 10643 | 5163 | – | 9192 | 12950 | 15002 | 22343 | 32715 | 10974 | 18000 |
| Investments & net current assets | 55213 | 41572 | 43193 | 37644 | 46065 | 56430 | 59938 | 106148 | 139029 | 144516 |
| Deferred Taxation (Net) | – | – | – | – | – | – | – | 406 | – | – |
| TOTAL | 200046 | 212646 | 211236 | 199188 | 227091 | 238690 | 315133 | 426687 | 425534 | 525757 |
| What the Company owed | | | | | | | | | | |
| Secured loans | 62161 | 73405 | 80488 | 69347 | 79485 | 88553 | 145900 | 207975 | 186915 | 218978 |
| Unsecured loans | 21014 | 20067 | 20047 | 13292 | 13908 | 13533 | – | – | – | – |
| Deferred Taxation (Net) | – | – | – | – | 10072 | 12739 | 12476 | – | – | – |
| TOTAL | 83175 | 93472 | 100535 | 82639 | 103465 | 114825 | 158376 | 207975 | 186915 | 218978 |
| Shareholders' Funds | | | | | | | | | | |
| Equity Share Capital | 28756 | 28760 | 25884 | 21778 | 20256 | 19033 | 19033 | 19034 | 15227 | 15227 |
| Preference Share Capital | – | – | – | 9500 | 17000 | 7500 | 7500 | – | – | – |
| Reserves & surplus | 91141 | 92334 | 86927 | 87320 | 88031 | 98425 | 130693 | 199870 | 223392 | 291552 |
| Misc. Expd. (to the extent not w/off) | (3026) | (1920) | (2110) | (2049) | (1661) | (1093) | (469) | (192) | – | – |
| TOTAL | 116871 | 119174 | 110701 | 116549 | 123626 | 123865 | 156757 | 218712 | 238619 | 306779 |
| Debt-Equity ratio (times) | 0.71 | 0.78 | 0.91 | 0.86 | 1.04 | 0.94 | 1.03 | 0.95 | 0.78 | 0.71 |
| Earning per share (in Rs.) | 5.71 | 4.40 | 4.30 | 8.00 | 8.80 | 11.40 | 24.30 | 42.34 | 55.07 | 58.01 |
| Dividend per share (in Rs.) | 4.00 | 2.00 | 1.50 | 2.75 | 4.00 | 4.00 | 6.50 | 9.00 | 11.22 | 11.50 |

Note : Figures relating to the year 2005-06 and 2006-07 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.

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, 2007 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
 - 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, 2007, 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, 2007, 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: May 04, 2007

Annexure to the Auditor's 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, 2007:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets are physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge no material discrepancies were reported on such verification.
(c) In our opinion, a substantial part of the fixed assets has not been disposed off by the Company during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
(b) In our opinion, the procedures followed by the management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. (a) The Company has granted an unsecured loan of Rs.242 lakhs to a company covered in the register maintained under section 301 of the Companies Act, 1956.
(b) In our opinion, the rate of interest and other terms and conditions of the loan given by the Company are prima facie not prejudicial to the interest of the Company.
(c) The receipt of interest thereon has been regular and no principal amount has fallen due as of the balance sheet date.
(d) No amount is overdue against the said loan.
(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets, and for the sale of goods and services. During the course of our audit no major weakness has been observed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act.
7. In our opinion, the Company has an internal audit system, which is commensurate with the size and nature of its business.
8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, except for the provident fund dues of floating staff, the company is generally regular in depositing undisputed statutory dues including Shore Staff Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty, Cess, and other

statutory dues with the appropriate authorities. We are informed that in respect of floating staff it is not possible to accurately ascertain the provident fund dues in view of the nature of the Company's activities. The Company regularly makes ad hoc payments to the appropriate authorities and on final determination the balance, if any, is paid.

- (b) According to the books of account and records as produced and examined by us, there are no dues of Sales tax, Income tax, 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 :

| No. | Name of the statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|-----|---|---|--------------------------|---------------------------------------|--|
| 1 | The Customs Act 1962 | Import duty | 31 | 2000-01 | High Court, Mumbai |
| 2 | The Tamilnadu General Sales Tax Act 1959 | Lease Tax | 1740 | 1995-96 to 1997-98 | The Sales Tax Appellate Tribunal. |
| 3 | The Central Sales Tax Act , 1956 & Bombay Sales Tax Act, 1959 | Sales Tax | 650 | 1995-96 to 1998-99 | The Sales Tax Appellate Tribunal |
| | The Central Sales Tax Act , 1956 & Bombay Sales Tax Act, 1959 | Sales Tax | 662 | 1999-00 & 2001-02 | The Sales Tax Officer |
| 4 | Maharashtra Land Revenue Code, 1966 | Transfer charges for office premises under the scheme of demerger | 124 | 2002-03 | The High Court at Bombay |
| | | Transfer Charges for office Premises | 310 | 2003-04 | Estate Department Joint Municipal Commissioner |
| 5 | Major Ports Trust Act, 1963 | 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 and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under section 49 of the Act.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the company.
16. As informed to us, the term loans were applied by the Company for the purpose for which they were obtained.
17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and 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: May 04, 2007

Balance Sheet as at March 31, 2007.

| | Schedule | Current Year | (Rs. in lakhs) Previous Year |
|---|----------|---------------|---------------------------------|
| SOURCES OF FUNDS : | | | |
| Shareholders' Funds : | | | |
| Capital | 1 | 15227 | 15227 |
| Reserves and Surplus | 2 | 291552 | 223392 |
| | | 306779 | 238619 |
| Loan Funds : | | | |
| Secured Loans | 3 | 218978 | 186915 |
| TOTAL | | 525757 | 425534 |
| APPLICATION OF FUNDS : | | | |
| Fixed Assets : | 4 | | |
| Gross Block | | 535938 | 434323 |
| Less : Depreciation (including impairment) | | 172697 | 158792 |
| Net Block | | 363241 | 275531 |
| Ships under Construction/Capital work-in-progress | | 18000 | 10974 |
| | | 381241 | 286505 |
| Investments | 5 | 40361 | 18579 |
| Current Assets, Loans and Advances : | | | |
| Inventories | 6 | 3515 | 3345 |
| Sundry Debtors | 7 | 15482 | 6846 |
| Cash and Bank balances | 8 | 106537 | 135156 |
| Other Current assets | 9 | 3203 | 1517 |
| Loans and Advances | 10 | 9388 | 8162 |
| | | 138125 | 155026 |
| Less : Current Liabilities and Provisions : | | | |
| Current Liabilities | 11 | 23442 | 31939 |
| Provisions | 12 | 9503 | 2156 |
| Incomplete Voyages (net) | | 1025 | 481 |
| | | 33970 | 34576 |
| Net Current Assets | | 104155 | 120450 |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | 13 | - | - |
| TOTAL | | 525757 | 425534 |
| Significant Accounting Policies | 20 | | |
| Notes on Accounts | 21 | | |

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

As per our Report attached hereto

For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, May 04, 2007.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth
Bharat K. Sheth

R. N. Sethna

Mumbai, May 04, 2007.

Executive Chairman
Deputy Chairman
& Managing Director
Director

Profit and Loss Account for the year ended March 31, 2007.

| | Schedule | Current Year | (Rs. in lakhs) Previous Year |
|--|----------|---------------|---------------------------------|
| INCOME : | | | |
| Income from Operations | 14 | 213382 | 226613 |
| Other Income | 15 | 11728 | 7595 |
| | | <u>225110</u> | <u>234208</u> |
| EXPENDITURE : | | | |
| Operating Expenses | 16 | 88745 | 92047 |
| Administration & Other Expenses | 17 | 8132 | 7854 |
| Interest & Finance charges | 18 | 10718 | 9694 |
| Depreciation | | 26526 | 28281 |
| Impairment loss on certain assets | | - | 8755 |
| | | <u>134121</u> | <u>146631</u> |
| Profit before tax | | 90989 | 87577 |
| Less : Provision for taxation | | | |
| - Current tax | | 3100 | 2600 |
| - Deferred tax | | - | 406 |
| - Fringe Benefit tax | | 100 | 221 |
| | | <u>3200</u> | <u>3227</u> |
| Profit for the year after tax | | 87789 | 84350 |
| Add/(Less) : Prior period adjustments | 19 | 542 | (490) |
| | | <u>88331</u> | <u>83860</u> |
| Less : Transfer to Tonnage Tax Reserve Account under section 115VT of the Income-tax Act, 1961 | | 15000 | 14500 |
| | | <u>73331</u> | <u>69360</u> |
| (Less)/Add : Transfer (to)/from Debenture Redemption Reserve | | (1500) | 1900 |
| | | <u>71831</u> | <u>71260</u> |
| Add : Surplus brought forward from previous year | | 59331 | 34456 |
| Less : Transferred to Great Offshore Ltd on de-merger | | - | 6900 |
| | | <u>59331</u> | <u>27556</u> |
| Amount available for appropriation | | 131162 | 98816 |
| Appropriations : | | | |
| - Transfer to General Reserve | | 20000 | 20000 |
| - Interim Dividend on Equity Shares | | 10659 | 17088 |
| - Proposed Dividend on Equity Shares | | 6852 | - |
| - Tax on Dividends | | 2660 | 2397 |
| | | <u>40171</u> | <u>39485</u> |
| Balance Carried Forward | | 90991 | 59331 |
| Basic and diluted earnings per share (in Rs.) | | 58.01 | 55.07 |
| 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

Mumbai, May 04, 2007.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth
Bharat K. Sheth

R. N. Sethna

Executive Chairman
Deputy Chairman
& Managing Director
Director

Mumbai, May 04, 2007.

Cash Flow Statement for the year ended March 31, 2007.

| | (Rs. in lakhs) | |
|--|-----------------|----------------|
| | Current Year | Previous Year |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| NET PROFIT BEFORE TAX : | 90989 | 87577 |
| ADJUSTMENTS FOR : | | |
| Prior year adjustments | 542 | 184 |
| Depreciation including impairment | 26526 | 37036 |
| Interest earned | (9459) | (6259) |
| Interest paid | 10718 | 9694 |
| Dividend received | (1051) | (858) |
| (Profit)/loss on sale of investments (Net) | (280) | (39) |
| (Profit)/loss on sale of sundry assets | (8) | (122) |
| De-merger expenses written off | - | 715 |
| Doubtful debts written off/provided | 476 | 674 |
| Deferred Revenue Expenditure written off | - | 147 |
| Foreign exchange | (932) | 147 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES : | 117521 | 128896 |
| ADJUSTMENTS FOR : | | |
| Trade & Other Receivables | (10252) | 5754 |
| Inventories | (170) | (633) |
| Incomplete Voyages (Net) | 544 | (1347) |
| Trade Payables | (1320) | 5413 |
| CASH GENERATED FROM OPERATIONS : | 106323 | 138083 |
| Tax Paid | (3428) | (3571) |
| NET CASH FLOW FROM OPERATING ACTIVITIES : | 102895 | 134512 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of fixed assets | (134821) | (91227) |
| *Sale proceeds of fixed assets | 9131 | 31404 |
| Purchase of Investments | (202559) | (150859) |
| Acquisition of subsidiaries/joint venture/associates | (28264) | (4867) |
| Sale proceeds of Investments | 208987 | 142811 |
| Disposal of subsidiary | 334 | - |
| Interest received | 7773 | 5428 |
| Dividend received (includes Rs. 17 Lakhs received from a Subsidiary Company - Previous Year Rs. 16 Lakhs) | 1051 | 858 |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES : | (138368) | (66452) |

C. CASH FLOW FROM FINANCING ACTIVITIES :

| |
|---|
| Proceeds from long term borrowings |
| Repayments of long term borrowings |
| Dividend paid |
| Tax on Dividend paid |
| Interest paid |
| Demerger expenses |
| Net cash outflow on demerger of offshore division |

NET CASH FROM/(USED IN) FINANCING ACTIVITIES :**Net increase/(decrease) in cash and cash equivalents :****Cash and cash equivalents as at April 1, 2006 (See note below)****Cash and cash equivalents as at March 31, 2007 (See note below)**

* Profit on sale of ships, is considered as operating income, consequently the sale proceeds are not included under sale of fixed assets.

Note :

Cash and cash equivalent as on

Cash and Bank Balances

Effect of exchange rate changes [Loss/(gain)]

Cash and cash equivalents as restated

(Rs. in lakhs)

| Current Year | Previous Year |
|---------------------|----------------------|
| 84521 | 58063 |
| (47010) | (59150) |
| (17284) | (16706) |
| (2429) | (2359) |
| (11055) | (10003) |
| - | (715) |
| - | (5265) |
| 6743 | (36135) |
| (28730) | 31925 |
| 136745 | 104820 |
| 108015 | 136745 |

| March 31, 2007 | March 31, 2006 |
|-----------------------|-----------------------|
| 106537 | 135156 |
| 1478 | 1589 |
| 108015 | 136745 |

As per our Report attached hereto

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

Viraf R. Mehta

Partner

Mumbai, May 04, 2007.

Jayesh M. Trivedi

Company Secretary

For and on behalf of the Board

K. M. Sheth

Bharat K. Sheth

R. N. Sethna

Executive Chairman
Deputy Chairman
& Managing Director
Director

Mumbai, May 04, 2007.

Schedules Annexed to and forming part of the Balance Sheet as at March 31, 2007

| | | (Rs. in lakhs) | |
|------------------------|--|----------------|---------------|
| | | Current Year | Previous Year |
| SCHEDULE "I" : | | | |
| 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 15,26,98,445) Equity Shares of Rs.10 each | 15270 | 15270 |
| | | 15270 | 15270 |
| SUBSCRIBED : | | | |
| 15,22,76,442 | (Previous Year 15,22,76,442) Equity Shares of Rs.10 each | 15227 | 15227 |
| | | 15227 | 15227 |
| PAID-UP : | | | |
| 15,22,73,924 | (Previous Year 15,22,73,924) Equity Shares of Rs.10 each fully paid up | 15227 | 15227 |
| | | 15227 | 15227 |

Notes :

1. Out of above, 74,39,858 (Previous Year 74,39,858) 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. 0.30 lakhs (Previous year Rs. 0.30 lakhs), on account of forfeited shares and is net of Calls in Arrears Rs. 0.31 lakhs (Previous year Rs. 0.33 lakhs).

SCHEDULE “2” :**RESERVES AND SURPLUS :**

(a) CAPITAL REDEMPTION RESERVE :

As per last Balance Sheet

**Current
Year****(Rs. in lakhs)**
Previous
Year**23854**

23854

(b) RESERVE UNDER SECTION 33AC OF THE
INCOME-TAX ACT,1961 :

As per last Balance Sheet

24000

24000

(c) TONNAGE TAX RESERVE ACCOUNT UNDER SECTION
115VT OF THE INCOME-TAX ACT,1961 :

As per last Balance Sheet

29500

15000

Add : Transfer from Profit and Loss Account

15000

14500

44500

29500

(d) DEBENTURE REDEMPTION RESERVE :

As per last Balance Sheet

4250

6150

Less : Transfer to Profit & Loss Account

-

1900

4250

4250

Add : Transfer from Profit and Loss Account

1500

-

5750

4250

(e) EXCHANGE FLUCTUATION RESERVE :

As per last Balance Sheet

2500

2500

(f) SHARE PREMIUM ACCOUNT :

As per last Balance Sheet

12601

15801

Less : Transferred to Great Offshore Limited on de-merger

-

3200

12601

12601

(g) GENERAL RESERVE :

As per last Balance Sheet

67356

78109

Less : Transferred to Great Offshore Limited on de-merger

-

30753

67356

47356

Add : Transfer from Profit and Loss Account

20000

20000

87356

67356

(h) PROFIT AND LOSS ACCOUNT

90991

59331

291552

223392

SCHEDULE “3” :**SECURED LOANS :****(a) TERM LOANS -**

- From Banks

Secured by mortgage of specific ships, assignment of bank deposit and a financial covenant to maintain unencumbered assets (refer note 3).

(b) NON-CONVERTIBLE DEBENTURES* -

- (i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -

- 8.95 % redeemable on July 07, 2007.**

- 6.05 % redeemable on September 19, 2010.**

- (ii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each -

- 10.25 % (series 6 - 7) redeemable in two annual instalments on May 25, 2007 to May 25, 2008.

* Secured by mortgage of specified immovable properties and ships.

** Liability for Debentures is net of amount recoverable from Great Offshore Limited in respect of amount transferred on de-merger.

(Rs. in lakhs)

| Current Year | Previous Year |
|-------------------------|--------------------------|
| 200618 | 167255 |
| 7127 | 7127 |
| 8733 | 8733 |
| 2500 | 3800 |
| 218978 | 186915 |

**SCHEDULE “4” :
FIXED ASSETS :**

(Rs. in lakhs)

| Particulars | COST | | | DEPRECIATION | | | | | IMPAIRMENT | | NET BLOCK As at March 31, 2007 | |
|---|---------------------------|--|-----------------------------------|--|----------------------------|---------------------------|---|--|-----------------|---------------------------|---|------------------|
| | As At April 1, 2006 | Assets trans- ferred on De- merger | Addi- tions for the year | Dedu- ctions for the year [Note 4(b)] | As at March 31, 2007 | Upto March 31, 2006 | Depre- ciation trans- ferred on De- merger | Adjust- ments in res- pect of assets sold/ discarded | For the year | Upto March 31, 2007 | | |
| Fleet | 421324 431656 | - 65210 | 122303 96817 | 21565 41939 | 522062 421324 | 146111 153027 | - 23447 | 12465 11193 | 25916 27724 | 8755 8755 | 159562 146111 | 353745 266458 |
| Plant & Machinery : – Rigs and Barges | - 4418 | - 4418 | - - | - - | - - | - 4417 | - 4417 | - - | - - | - - | - - | - - |
| – Others | 1227 878 | - - | 72 850 | - 501 | 1299 1227 | 347 278 | - - | - 43 | 116 112 | - - | 463 347 | 836 880 |
| Land (Freehold & Perpetual Lease) | 4934 4815 | - - | - 119 | - - | 4934 4934 | - - | - - | - - | - - | - - | - - | 4934 4934 |
| Land (Leasehold) | 5 5 | - - | - - | 5 - | - 5 | 1 1 | - - | 1 - | - - | - - | - 1 | - 4 |
| Ownership Flats and Buildings * | 3698 4449 | - 1669 | 615 1010 | 2 92 | 4311 3698 | 870 1536 | - 771 | - 36 | 165 141 | - - | 1035 870 | 3141 2693 |
| Furniture, Fixtures and Office Equipment | 2507 2852 | - 615 | 236 344 | 66 74 | 2677 2507 | 2148 2538 | - 511 | 58 72 | 208 193 | - - | 2298 2148 | 379 359 |
| Vehicles | 628 851 | - 233 | 133 128 | 106 118 | 655 628 | 425 574 | - 162 | 97 98 | 121 111 | - - | 449 425 | 206 203 |
| S U B - T O T A L | 434323 449924 | - 72145 | 123359 99268 | 21744 42724 | 535938 434323 | 149902 162371 | - 29308 | 12621 11442 | 26526 28281 | - 8755 | 163807 149902 | 363241 275531 |
| Ships under construction/Capital work-in-progress | | | | | | | | | | | | |
| | | | | | | | | | | | | 18000 10974 |
| | | | | | | | | | | | | 381241 286505 |

Note :

* The Ownership Flats & Buildings include Rs. 14,260 (Previous Year Rs. 14,260), being value of shares held in various co-operative societies.
(Previous year figures are in italics)

**SCHEDULE "5" :
INVESTMENTS :**

| | Face Value Rs. | Current Year | | Previous Year | |
|---|----------------------|-----------------|-----------------|-----------------|-----------------|
| | | No. of Units | Rs. in lakhs | No. of Units | 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 Greatship (Singapore) Pte. Ltd. of S\$ 1 each | | 5,00,000 | 115 | 5,00,000 | 115 |
| The Great Eastern Chartering L.L.C. - FZC of AED 100 each | | 1,500 | 19 | 1,500 | 19 |
| Greatship (India) Ltd. | 10 | 2,65,00,000 | 25600 | 50,000 | 5 |
| Routes Travel Limited (sold during the year) | 10 | - | - | 22,27,350 | 141 |
| Joint Venture : | | | | | |
| CGU Logistic Limited | 10 | 5,087,500 | 509 | - | - |
| 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 | 10 | - | - | 9,72,973 | 2160 |
| | | | 28671 | | 7575 |
| Less : Provision for diminution in value of long term investments | | | 800 | | 800 |
| | | | 27871 | | 6775 |
| (b) CURRENT INVESTMENTS : | | | | | |
| (At lower of cost and fair value - fully paid) | | | | | |
| Equity Shares : Unquoted | | | | | |
| Associates : | | | | | |
| United Shippers Ltd. | 10 | 14,22,973 | 7027 | - | - |
| Mutual Funds : Unquoted | | | | | |
| Reliance Fixed Tenor Fund - Plan A - Growth Plan | 10 | 29,992,990 | 2999 | 29,992,990 | 2995 |
| Redeemed during the year : | | | | | |
| Birla FTP - Quarterly - Series 2 - Dividend - Payout | 10 | - | - | 15,000,000 | 1500 |
| Deutsche Fixed Term Fund - Series 8 - Dividend Option | 10 | - | - | 10,000,000 | 1000 |
| HSBC Fixed Term Series - 7 - Dividend | 10 | - | - | 15,088,530 | 1509 |
| ING Vysya Liquid Fund Institutional - Daily Dividend Option | 10 | - | - | 17,863,999 | 1788 |
| JM Equity & Derivative Fund - Dividend Option | 10 | - | - | 9,694,807 | 1000 |
| Kotak FMP Series XVI - Dividend | 10 | - | - | 10,092,581 | 1009 |
| Kotak FMP Series 20 - Dividend | 10 | - | - | 10,031,691 | 1003 |
| Subscribed during the year: | | | | | |
| Templeton India TMA Super Institutional Plan | 1000 | 45,074 | 451 | - | - |
| ABN AMRO FTP Series 2 Quarterly Plan E-Dividend | 10 | 20,133,834 | 2013 | - | - |
| | | | 12490 | | 11804 |
| | | | 40361 | | 18579 |

SCHEDULE “6” :
INVENTORIES :

- Fuel oils

SCHEDULE “7” :
SUNDRY DEBTORS :
(Unsecured)

- (a) Debts outstanding over six months :
- Considered good
 - Considered doubtful

- (b) Other Debts :
- Considered good

Less : Provision for doubtful debts

SCHEDULE “8” :
CASH AND BANK BALANCES :

- (a) Cash and cheques on hand
- (b) Balances with scheduled banks :
- On current account
 - On deposit account
- (c) Balances with other banks :
- On call deposits with ABN AMRO Bank, London
(Maximum Balance Rs.25108 lakhs,
Previous Year Rs.29829 lakhs)
 - On term deposit account with ABN AMRO Bank, London
(Maximum Balance Rs.1142 lakhs,
Previous Year Rs.6248 lakhs)
 - On call deposits with Citi Bank, London
(Maximum Balance Rs.7 lakhs,
Previous Year Rs.11192 lakhs)
 - On term deposits with Citi Bank, London
(Maximum Balance Rs.1150 lakhs,
Previous Year Rs.1128 lakhs)
 - On current account with Royal Bank of Scotland, London
(Maximum Balance Rs.24360 lakhs,
Previous Year Rs.“Nil”)

| | (Rs. in lakhs) | |
|--|----------------|------------------|
| | Curent Year | Previous Year |
| | 3515 | 3345 |
| | <u>3515</u> | <u>3345</u> |
| | | |
| | 630 | 412 |
| | <u>1108</u> | <u>726</u> |
| | 1738 | 1138 |
| | 14852 | 6434 |
| | <u>16590</u> | <u>7572</u> |
| | 1108 | 726 |
| | <u>15482</u> | <u>6846</u> |
| | | |
| | 3 | 2 |
| | 945 | 1115 |
| | <u>93326</u> | <u>127350</u> |
| | 94271 | 128465 |
| | 10503 | 4779 |
| | - | 775 |
| | 7 | 7 |
| | 1150 | 1128 |
| | 603 | - |
| | <u>12263</u> | <u>6689</u> |
| | <u>106537</u> | <u>135156</u> |

SCHEDULE "9" :**OTHER CURRENT ASSETS :**

Interest accrued on investments and deposits

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. 95 lakhs, Previous Year Rs. 52 lakhs)
- (b) Advance & loans to -
- subsidiaries (refer note 6)
- others
- (c) Agents' current accounts
- (d) Balances with Customs, Port Trust etc.
- (e) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation)

SCHEDULE "11" :**CURRENT LIABILITIES :**

- (a) Sundry Creditors
- Dues to small scale industrial undertakings
- Dues to other creditors
- (b) Due to a Subsidiary Company
- (c) Advance Charter Hire
- (d) Liabilities towards Investor Education and Protection Fund, not due
- Unpaid dividend
- Unpaid matured fixed deposits
- (e) Other Liabilities
- (f) Interest accrued but not due
- (g) Managerial Remuneration payable
- (h) Interim dividend payable

SCHEDULE "12" :**PROVISIONS :**

- (a) Proposed Dividend
- (b) Provision for tax on dividends
- (c) Provision for Retirement benefits

SCHEDULE "13" :**MISCELLANEOUS EXPENDITURE :****(to the extent not written off or adjusted)**

Deferred Revenue Expenditure :

As per last Balance Sheet

Less : Transferred to Great Offshore Ltd on de-merger

Less : Amortised during the year

(Rs. in lakhs)Previous
YearCurrent
Year

3203

1517

3203

1517

4948

5217

1736

1805

242

-

1978

1805

2183

1094

9

4

270

42

9388

8162

13346

16590

55

43

4286

3127

588

552

1

4

1207

1280

3081

3180

878

501

-

6662

23442

31939

6852

-

1165

934

1486

1222

9503

2156

-

192

-

45

-

147

-

147

-

-

Schedules Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2007.

| | | (Rs. in lakhs) |
|---|----------------|------------------|
| | Curent Year | Previous Year |
| SCHEDULE "14" : | | |
| INCOME FROM OPERATIONS : | | |
| Freight and Demurrage | 110039 | 99788 |
| Charter Hire | 88942 | 90055 |
| Profit on sale of Ships | 13631 | 33136 |
| Turnover - Property Development | 79 | 2972 |
| Miscellaneous Operating Income | 691 | 662 |
| | <u>213382</u> | <u>226613</u> |
| SCHEDULE "15" : | | |
| OTHER INCOME : | | |
| Dividend : | | |
| - from a subsidiary company | 17 | 16 |
| - from current investments | <u>1034</u> | <u>842</u> |
| | 1051 | 858 |
| Interest earned (Gross) : | | |
| - on term deposits | 8652 | 5337 |
| - on call deposit | 789 | 825 |
| - others | <u>17</u> | <u>97</u> |
| (Income-tax deducted at source Rs.1695 lakhs, Previous Year Rs.1155 lakhs) | 9458 | 6259 |
| Profit on sale of Investments : | | |
| - long term investment | 192 | - |
| - current investments (net) | <u>88</u> | <u>39</u> |
| | 280 | 39 |
| Gain on foreign currency transactions (net) | 212 | 189 |
| Profit on sale of sundry assets (net) | 8 | 122 |
| Miscellaneous Income | 719 | 128 |
| | <u>11728</u> | <u>7595</u> |

**SCHEDULE "16":
OPERATING EXPENSES :**

| | |
|---|--|
| Fuel Oil and Water | |
| Port, Light and Canal Dues | |
| Stevedoring, Despatch & Cargo Expenses | |
| Hire of chartered ships | |
| Brokerage & Commission | |
| Agency Fees | |
| Wages, Bonus and Other Expenses - Floating Staff | |
| Contribution to Provident & Other Funds - Floating Staff | |
| Stores | |
| Repairs & Maintenance - Fleet | |
| (Including Deferred Revenue Expenditure written off Rs."Nil", Previous Year Rs.91 lakhs) | |
| Insurance & Protection Club Fees | |
| Vessel Management Expenses | |
| Sundry Operating Expenses | |
| Cost of sales - Property development | |

**SCHEDULE "17":
ADMINISTRATION & OTHER EXPENSES :**

| | |
|---|--|
| Staff Expenses- | |
| - Salaries, Allowances & Bonus | |
| - Staff Welfare Expenses | |
| - Contribution to Provident & Other Funds | |

| | |
|---------------------------|--|
| Rent | |
| Insurance | |
| Repairs and Maintenance - | |
| - Buildings | |
| - Others | |

| | |
|---|--|
| Property Taxes | |
| Auditors' Remuneration | |
| Miscellaneous Expenses | |
| De-merger expenses written off | |
| Doubtful debts and advances written off | |
| Provision for doubtful debts & advances (Net) | |

**SCHEDULE "18":
INTEREST & FINANCE CHARGES :**

| | |
|-------------------------|--|
| Interest on Fixed Loans | |
| Other Interest | |
| Finance charges | |

Less : Pre-delivery interest capitalised

**SCHEDULE "19":
PRIOR PERIOD ADJUSTMENTS :**

| | |
|--|--|
| Income/(Expenses) of prior years (net) | |
| Excess provisions written back | |
| Income tax for prior years | |

(Rs. in lakhs)
Previous
Year

| Curent Year | Previous Year |
|----------------|------------------|
| 23721 | 17070 |
| 9007 | 7483 |
| 354 | 209 |
| 16087 | 18009 |
| 2701 | 2565 |
| 668 | 610 |
| 12718 | 11560 |
| 208 | 195 |
| 5212 | 4677 |
| 13359 | 21337 |
| 3160 | 3915 |
| 644 | 587 |
| 840 | 769 |
| 66 | 3061 |
| 88745 | 92047 |
| 4327 | 3453 |
| 68 | 71 |
| 215 | 237 |
| 4610 | 3761 |
| 7 | 12 |
| 63 | 57 |
| 102 | 27 |
| 230 | 246 |
| 332 | 273 |
| 14 | 9 |
| 56 | 48 |
| 2574 | 2305 |
| - | 715 |
| 51 | 108 |
| 425 | 566 |
| 8132 | 7854 |
| 10498 | 9272 |
| - | 1 |
| 457 | 693 |
| 10955 | 9966 |
| 237 | 272 |
| 10718 | 9694 |
| 542 | (37) |
| - | 221 |
| - | (674) |
| 542 | (490) |

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 of fuel oil are carried at cost on first-in-first out basis.

(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 qualifying assets are capitalized as a part of the respective asset, upto the date of acquisition/completion of construction.

(h) 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.

(i) Operating expenses :

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

(j) Retirement benefits :

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

(k) 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 30 years |
| -Gas Carriers | | 27 to 30 years |
| Leasehold land | Straight line | Lease period |
| Ownership flats and buildings | 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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**

| | | (Rs. In lakhs) | |
|------------------------------------|--|----------------|---------------|
| | | Current Year | Previous Year |
| I. Contingent Liabilities : | | | |
| Sr. No. | Particulars | | |
| (i) | Guarantees given by banks counter guaranteed by the Company. | 104 | 293 |
| (ii) | Guarantees by bank given on behalf of a subsidiary company. | 877 | 54 |
| (iii) | Counter guarantees given to bank on behalf of subsidiaries. | 25519 | – |
| (iv) | Corporate guarantees including comfort letter given on behalf of subsidiary companies. | – | 450 |
| (v) | Sales Tax demands under BST Act for the years 1995-96, 1996-97, 1997-98, 1998-99, 1999-00 & 2001-02 against which the Company has preferred appeals. | 1303 | 691 |
| (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 | 1740 |
| (vii) | Possible obligation in respect of matters under arbitration/appeal. | 59 | 74 |
| (viii) | 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 |
| (ix) | Uncalled amount on partly paid shares held in United Shippers Ltd. | – | 2160 |

2. 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 2,91,682] 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 40,608] shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange. During the year “Nil” (Previous Year 1,944) equity shares have been allotted out of the shares kept in abeyance.

3. 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.

4. Fixed Assets :

- Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs.116448 lakhs [Previous Year Rs.111369 lakhs].
- 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. 4666 lakhs [Previous Year Rs. 3093 lakhs].
- 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.

5. Investments :

The Board of Directors of the Company has during the year, decided to disinvest its entire holding in United Shippers Ltd. an associate company. Consequently, the said investment has been reclassified as Current Investment. A part of the investment has been realised after the Balance Sheet date and the Company is confident of realising the full value of the investment.

6. Current Assets, Loan and Advances :

Loans and advances to subsidiary companies :

The Greatship (Singapore) Pte Ltd. (maximum balance during the year Rs.202 lakhs, Previous Year Rs.96 lakhs)

Greatship (India) Ltd. (maximum balance during the year Rs.9868 lakhs, Previous Year Rs.0.38 lakhs)

The Great Eastern Chartering L.L.C. (FZC)(maximum balance during the year Rs.9663 lakhs, Previous Year Rs.1802 lakhs)

TOTAL

| | (Rs. In lakhs) |
|--------------|----------------|
| Current Year | Previous Year |
| - | 8 |
| - | - |
| 1736 | 1797 |
| 1736 | 1805 |

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

8. Current Liabilities :

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

9. Deferred tax :

Pursuant to the introduction of Sec.115VA under the Income Tax Act, 1961, the Company has opted for computation of its 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 of the Company and no deferred tax is applicable to the Company as there are no timing differences.

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, 2006 | Additions during the year | Reversed/Paid during the year | Balance as on March 31, 2007 |
|---|-----------------------------|---------------------------|-------------------------------|------------------------------|
| 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. | 177 | - | 177 | - |
| Vessel Performance/ Offhire Claims Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute. | 811 | 608 | 157 | 1262 |

11. The Company has provided a performance guarantee in favour of a party which has awarded a contract to the Company's wholly owned subsidiary which would require it to assume the benefits and costs of this contract in the event the subsidiary is not able to fulfill the same, in which event, the company does not expect any net liability or outflow of resources.

12. Profit and Loss Account :

(a) The Company has changed the Life of Dry Bulk Carriers from 23-25 years to 23-30 years. This change has no impact on the profits for the year as the change will be applicable only to Dry Bulk Carriers acquired after April 1, 2007.

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

- (a) Salaries
- (b) Contribution to Provident fund and Superannuation fund
- (c) Perquisites
- (d) Commission to whole-time directors
- (e) Commission to non-whole-time directors
- (f) Sitting fees

TOTAL

| | (Rs. in lakhs) |
|-------------|----------------|
| CurrentYear | PreviousYear |
| 255 | 155 |
| 69 | 42 |
| 9 | 27 |
| 801 | 414 |
| 77 | 87 |
| 4 | 5 |
| 1215 | 730 |

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. 241 lakhs (Previous Year Rs. 243 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 :

| | Current Year | Previous Year |
|--|--------------|----------------|
| | | (Rs. in lakhs) |
| Profit for the year before tax | 90989 | 87577 |
| Add/(Less) : | | |
| Managerial Remuneration | 1456 | 973 |
| Provision for doubtful debts and advances | 425 | 566 |
| Prior period adjustments (excluding Income Tax adjustments) | 542 | 184 |
| Depreciation as per books | 26526 | 28281 |
| | 28949 | 30004 |
| | 119938 | 117581 |
| Less : Profit on sale of investments | 280 | 39 |
| Depreciation u/s 350 of the Companies Act, 1956 | 26526 | 28281 |
| Capital profit on sale of fixed assets | 6022 | 25742 |
| | 32828 | 54062 |
| Net Profit for Section 198 of the Companies Act, 1956 | 87110 | 63519 |
| 11% of Net Profit as computed above | 9582 | 6987 |
| Total Managerial Remuneration (including commission and provision for retirement pension benefits) | 1452 | 968 |

13. Auditors' Remuneration (including service tax) :

| | Current Year | Previous Year |
|----------------------------------|--------------|----------------|
| | | (Rs. in lakhs) |
| Audit Fees | 25 | 21 |
| In other capacities : | | |
| - Tax Audit | 2 | 2 |
| - Taxation | 10 | 9 |
| - Certification & other services | 19 | 16 |
| Total | 56 | 48 |

14. Particulars of investments Purchased and Sold during the year :

| | No. of Units | Face Value Rs. | Purchase Amount (Rs. in lakhs) |
|---|--------------|-------------------|-----------------------------------|
| Mutual Funds: | | | |
| ABN Amro Floating Rate Fund - Institutional Plus Daily Dividend | 10.00 | 19,163,654 | 1916 |
| ABN Amro Cash Fund - Institutional Plus Daily Dividend | 10.00 | 39,421,571 | 3942 |
| Birla Cash Plus- Institutional Premium Plan - Dividend Reinvestment | 10.00 | 191,328,864 | 19170 |
| Deutsche Insta Cash Plus Fund - Institutional Daily Dividend Plan | 10.00 | 19,827,044 | 1987 |
| DSP Merrill Lynch Liquid Institutional - Daily Dividend Reinvestment | 1,000.00 | 244,988 | 2450 |
| DSP Merrill Lynch Liquid Plus Institutional - Daily Dividend Reinvestment | 1,000.00 | 643,712 | 6438 |
| DSP Merrill Lynch Liquidity Fund - Weekly Dividend Reinvestment | 1,000.00 | 494,627 | 4949 |
| HDFC Cash Management Savings Plan - Dividend | 10.00 | 27,739,902 | 2951 |
| HDFC Cash Management Savings Plus Plan - Dividend | 10.00 | 71,817,510 | 7196 |
| HDFC Floating Rate Income Fund Short Term Plan - Daily Dividend | 10.00 | 15,979,948 | 1611 |

| | No. of Units | Face Value Rs. | Purchase Amount (Rs. in lakhs) |
|--|--------------|-------------------|-----------------------------------|
| HDFC Liquid Premium Plus Plan - Dividend | 10.00 | 151,409,213 | 18743 |
| HSBC Cash Fund - Institutional Plus Daily Dividend | 10.00 | 22,559,046 | 2257 |
| HSBC Liquid Plus Fund - Institutional Plus Daily Dividend | 10.00 | 22,846,664 | 2285 |
| ING Vysya Liquid Fund Institutional - Daily Dividend Option | 10.00 | 15,177,346 | 1519 |
| JM Floater Fund - Dividend Reinvestment | 10.00 | 14,956,587 | 1509 |
| JM High Liquidity Fund - Super Institutional Plan - Weekly Dividend | 10.00 | 25,255,556 | 2540 |
| JM Money Manager Super Plus - Daily Dividend Reinvestment | 10.00 | 46,966,306 | 4697 |
| Kotak Liquid Institutional Premium Plan - Daily Dividend Option | 10.00 | 51,715,307 | 6324 |
| Lotus India Liquid Institutional Plan - Daily Dividend Option | 10.00 | 2,000,254 | 200 |
| Lotus India Liquid Plus Institutional Plan - Daily Dividend Option | 10.00 | 2,006,699 | 201 |
| Principal Cash Management Fund - Liquid Option - Institutional Plan - Daily Dividend Option | 10.00 | 38,926,073 | 3893 |
| Prudential ICICI Liquid Institutional Super Institutional Fund - Daily Dividend Option | 10.00 | 316,665,506 | 33667 |
| Standard Chartered Liquidity Manager Daily Dividend Option | 10.00 | 14,001,957 | 1400 |
| Standard Chartered Liquidity Manager Plus Daily Dividend Option | 1,000.00 | 1,152,689 | 11528 |
| Tata Liquid Super High Investment Fund - Weekly Dividend | 1,000.00 | 160,054 | 1829 |
| Templeton India Treasury Management Super Institutional Plan (Daily Dividend Plan) | 1,000.00 | 4,455,673 | 44568 |
| UTI Liquid Cash Institutional Plan - Daily Dividend Option | 1,000.00 | 182,448 | 1860 |
| UTI Money Market - Daily Income Option | 10.00 | 10,871,030 | 1905 |
| ABN AMRO FTP Series 2 Quarterly Plan E - Dividend | 10.00 | 19,437,612 | 1944 |
| HSBC Fixed Tenor Series VII Dividend | 10.00 | 137,086 | 14 |
| JM FMP Series III - Dividend Reinvestment | 10.00 | 10,053,251 | 1005 |
| Kotak FMP Series 20 - Dividend | 10.00 | 15,643 | 2 |
| Kotak FMP Series XVI Dividend | 10.00 | 45,715 | 5 |
| JM Arbitrage Advantage Fund - Dividend Reinvestment | 10.00 | 25,463,856 | 2547 |
| JM Equity and Arbitrage Fund - Dividend Reinvestment | 10.00 | 10,047,770 | 1038 |

15. Hedging Contracts :

i) Derivative instruments outstanding :

(a) Commodity futures contracts for import of Bunker :

| Details | Current Year | | Previous Year | |
|--|--------------|------|---------------|------|
| | Purchase | Sale | Purchase | Sale |
| Total No. of contracts outstanding | 3 | - | 1 | - |
| No. of units in MT under above contracts | 12000 | - | 6000 | - |

(b) Forward exchange contracts :

| Details | Current Year | | Previous Year | |
|--|--------------|--------|---------------|--------|
| | Purchase | Sale | Purchase | Sale |
| Total No. of contracts | 3 | 43 | - | 53 |
| Foreign Currency Value US Dollar (million) | 3.000 | 86.000 | - | 99.500 |

(c) Interest rate swap contracts :

| | CurrentYear | PreviousYear |
|--------------------------------|-------------|--------------|
| Total No. of contracts | 25 | 30 |
| Loan Value US Dollar (million) | 160.609 | 235.617 |

(d) Currency Swap Contract :

| | CurrentYear | PreviousYear |
|--------------------------|-------------|--------------|
| Total No. of contracts | 12 | 8 |
| Loan Value Rs. crores | 150.05 | 163.05 |
| Loan Value JPY (million) | 13883.906 | 5830.388 |

ii) The Company uses forward exchange contracts and currency/interest rate swaps to hedge its exposure to foreign exchange and interest rate changes and the commodity futures contracts for hedging the exposure to bunker imports.

iii) Un-hedged foreign currency exposures as on March 31, 2007 :

Amount in equivalent US Dollar

| | Current Year in millions | Previous Year in millions |
|--------------------------------|-----------------------------|------------------------------|
| Loans liabilities and payables | 504.870 | 405.575 |
| Current Assets | 17.623 | 17.927 |

16. Segment Reporting :

The Company is only engaged in shipping business and there are no separate reportable segments as per Accounting Standard (AS)17 'Segment Reporting'.

17. 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.

Greatship (India) Ltd.

Routes Travel Ltd. (Up to March 20, 2007)

The Great Eastern Chartering LLC – FZC

Greatship Holding B.V. (wholly owned subsidiary of Greatship (India) Ltd.)

Greatship Global Energy Services Pte Ltd. (wholly owned subsidiary of - Greatship (India) Ltd.)

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

(i) Associates :

United Shippers Ltd. (upto December 18, 2006)

United Shippers FZC (upto December 18, 2006)

(ii) Joint Venture :

CGU Logistic Ltd. (from July 04, 2006)

(iii) Key Management Personnel :

Mr. K. M. Sheth - Executive Chairman

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

Mr. Ravi K. Sheth - Executive Director

(iv) Relatives of Key Management Personnel :

Mr. Sevantilal M. Sheth - brother of Executive Chairman

(v) Enterprises over which Key Management Personnel Exercise Significant Influence :

Great Offshore Ltd.

(II) Transactions with related parties :

(Rs. in lakhs)

| Nature of transaction | Subsidiary Companies | | Joint Venture | | Associate Companies | | Enterprises over which Key Management Personnel exercise significant influence | | 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 | Current Year | Previous Year |
| Sale of goods - The Great Eastern Chartering LLC - | - | 160 | - | - | - | - | - | - | - | - | - | 3 | - | 163 |
| Services rendered - United Shippers Ltd. Rs. 447 lakhs - United Shippers FZC, Dubai Rs. 828 lakhs | - | - | - | - | 1275 | 653 | - | - | - | - | - | - | 1275 | 653 |
| Services received - The Greatship (Singapore) Pte Ltd. Rs. 434 lakhs - The Great Eastern Chartering LLC. Rs. 614 lakhs - Routes Travel Ltd. Rs. 689 lakhs | 1737 | 1258 | - | - | - | - | - | - | - | 2 | - | - | 1737 | 1260 |
| Reimbursement of expenses - Greatship (India) Ltd. Rs. 2 lakhs - The Great Eastern Chartering LLC. Rs. 32 lakhs | 34 | - | - | - | - | - | - | - | - | - | - | - | 34 | - |
| Dividend income - The Greatship (Singapore) Pte. Ltd. Rs. 17 lakhs - United Shippers Ltd. Rs. 18 lakhs | 17 | 16 | - | - | 18 | - | - | - | - | - | - | - | 35 | 16 |
| Interest income - The Great Eastern Chartering LLC Rs. 367 lakhs - Greatship (India) Ltd. Rs. 174 lakhs - Great Offshore Ltd. Rs. 3 lakhs | 541 | 57 | - | - | - | - | 3 | - | - | - | - | - | 544 | 57 |
| Finance received (including loans, repayment of loans and equity contributions) - Greatship (India) Ltd. - Rs. 9863 lakhs - The Great Eastern Chartering LLC. Rs. 7605 lakhs - Routes Travel Ltd. Rs. 6 lakhs | 17474 | 24 | - | - | - | - | - | - | - | 12 | - | - | 17474 | 36 |
| Finance provided (including loans and equity contributions) - Greatship (India) Ltd. Rs. 35458 lakhs - United Shippers Ltd. Rs. 2160 lakhs - The Great Eastern Chartering LLC Rs. 7878 lakhs - CGU Logistics Ltd. Rs. 509 lakhs - Great Offshore Ltd. Rs. 242 lakhs | 43336 | 1785 | 509 | - | 2160 | 4867 | 242 | - | - | - | - | - | 46247 | 6652 |
| Remuneration - Shri K. M. Sheth Rs. 497 lakhs - Shri B. K. Sheth Rs. 531 lakhs - Shri R. K. Sheth Rs. 347 lakhs | - | - | - | - | - | - | - | - | 1375 | 880 | - | 249 | 1375 | 1129 |

(II) Transactions with related parties : (Continued)

(Rs. in lakhs)

| Nature of transaction | Subsidiary Companies | | Joint Venture | | Associate Companies | | Enterprises over which Key Management Personnel exercise significant influence | | 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 | Current Year | Previous Year |
| Guarantees/Comfort letter given - Greatship (India) Ltd. Rs. 15546 lakhs - Greatship Global Energy Services Pte Ltd. Rs. 10850 lakhs | 26396 | 504 | - | - | - | - | - | - | - | - | - | - | 26396 | 504 |
| Outstanding balance as on 31-03-2007: Receivables - The Great Eastern Chartering LLC Rs. 1736 lakhs - Great Offshore Ltd. Rs. 243 lakhs | 1736 | 1805 | - | - | - | - | 243 | - | - | - | - | - | 1979 | 1805 |
| Sundry Debtors - United Shippers Ltd. Rs. 30 lakhs - United Shippers FZC, Dubai Rs. 51 lakhs | - | - | - | - | 81 | 97 | - | - | - | - | - | - | 81 | 97 |
| Payables - The Greatship (Singapore) Pte. Ltd. Rs. 55 lakhs - The Great Eastern Chartering LLC Rs. 6 lakhs | 61 | 43 | - | - | - | - | - | - | - | - | - | - | 61 | 43 |

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

18. The Company has a joint venture interest in CGU Logistic Ltd. (a Company incorporated in India) as on March 31, 2007 and its proportionate share in the assets, liabilities, income and expenses of the Joint Venture Company, is as under :

Percentage of holding – 22.56% as on March 31, 2007

(Rs. in lakhs)

| As on March 31, 2007 | | For the Year ended March 31, 2007 | |
|----------------------|-----|-----------------------------------|----|
| Assets | 482 | Income | - |
| Liability | I | Expenditure | 28 |

19. Basic and diluted earnings per share:

(Rs. in lakhs)

| | CurrentYear | PreviousYear |
|--|--------------|--------------|
| (a) Profit for the year after tax | 87789 | 84350 |
| Add/(Less) : Prior period adjustments | 542 | (490) |
| Net Profit after tax for Equity Shareholders | 88331 | 83860 |
| (b) Number of Equity shares as on April 1, 2006 | 15,22,73,924 | 19,03,39,975 |
| Less : Shares transferred to Great Offshore Ltd. on account of De-merger | - | 3,80,67,995 |
| Add : Shares allotted out of abeyance quota | 15,22,73,924 | 15,22,71,980 |
| Number of Equity shares as on March 31, 2007 | - | 1,944 |
| Weighted average number of Equity shares Outstanding during the year | 15,22,73,924 | 15,22,73,924 |
| (c) Face value of Equity Share | Rs. 10 | Rs. 10 |
| (d) Basic and diluted earnings per share | Rs. 58.01 | Rs. 55.07 |

20. Information pursuant to para 4D of Part II of Schedule VI to the Companies Act, 1956 has not been given in view of exemption granted by the Department of Company Affairs, vide order no. 46/5/2007-CL-III dated February 2, 2007.

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

Additional Information as Required Under Part IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details :

| | | | | | | | | | | |
|--------------------|---|---|---|---|---|---|---|---|---|---|
| Registration No. | 6 | 4 | 7 | 2 | o | f | 1 | 9 | 4 | 8 |
| State Code | | | | | | | | 1 | 1 | |
| Balance Sheet Date | 3 | 1 | - | 0 | 3 | - | 2 | 0 | 0 | 7 |

II. Capital Raised during the year :

| | | | | | | | | | | |
|-------------------|--|--|--|--|--|--|--|---|---|---|
| Public Issue | | | | | | | | N | I | L |
| Rights Issue | | | | | | | | N | I | L |
| Bonus Issue | | | | | | | | N | I | L |
| Private Placement | | | | | | | | N | I | L |

III. Position of Mobilisation and Deployment of Funds :

Amount (Rs. in lakhs)

| | | | | | | | | | | |
|---------------------------|--|--|--|--|---|---|---|---|---|---|
| Total Liabilities | | | | | 5 | 5 | 9 | 7 | 2 | 7 |
| Total Assets | | | | | 5 | 5 | 9 | 7 | 2 | 7 |
| Sources of Funds : | | | | | | | | | | |
| Paid-up Capital | | | | | | 1 | 5 | 2 | 2 | 7 |
| Reserves & Surplus | | | | | 2 | 9 | 1 | 5 | 5 | 2 |
| Secured Loans | | | | | 2 | 1 | 8 | 9 | 7 | 8 |
| Unsecured Loans | | | | | | | | N | I | L |
| Application of Funds : | | | | | | | | | | |
| Net Fixed Assets | | | | | 3 | 8 | 1 | 2 | 4 | 1 |
| Investments | | | | | | 4 | 0 | 3 | 6 | 1 |
| Net Current Assets | | | | | | 1 | 0 | 4 | 1 | 5 |
| Miscellaneous Expenditure | | | | | | | | N | I | L |
| Accumulated Losses | | | | | | | | N | I | L |

IV. Performance of Company :

Amount (Rs. in lakhs)

| | | | | | | | | | | |
|----------------------------|--|--|--|--|---|---|---|---|---|---|
| Turnover | | | | | 2 | 2 | 5 | 1 | 1 | 0 |
| Total Expenditure | | | | | 1 | 3 | 4 | 1 | 2 | 1 |
| Profit/(Loss) Before Tax | | | | | 9 | 0 | 9 | 8 | 9 | |
| Profit/(Loss) After Tax | | | | | 8 | 7 | 7 | 8 | 9 | |
| Earning Per Share (in Rs.) | | | | | 5 | 8 | . | 0 | 1 | |
| *Dividend Rate (%) | | | | | 1 | 1 | 5 | . | 0 | 0 |

V. Generic Names of Three Principal Products/

Services of Company (as per monetary terms) :

| | | | | | | | | | | |
|-------------|--|--|--|--|--|--|--|--|--|---------------|
| Description | | | | | | | | | | Item Code No. |
| i) Shipping | | | | | | | | | | N. A. |

Consolidated Accounts

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

1. We have audited the attached Consolidated Balance Sheet of The Great Eastern Shipping Company Limited and its subsidiaries (the Group) as at March 31, 2007, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, annexed thereto. These consolidated financial statements are the responsibility of The Great Eastern Shipping Company Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - (a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.9,739 lakhs as at March 31, 2007, total revenues of Rs.15,993 lakhs and net cash inflows amounting to Rs. 1,183 lakhs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries and the joint venture is based solely on the report of the other auditors.
 - (b) As stated in Note 5 of Schedule 21, the financial statements of the Company's Joint Venture, whose financial statements reflect the Group's share of total assets of Rs.481 lakhs as at March 31, 2007 and the Group's share of losses of Rs.28 lakhs and net cash inflows amounting to Rs.79 lakhs for the year ended on that date are not audited as of the date of this report and have been included in the consolidated financial statements on the basis of unaudited management accounts.
 - (c) As stated in Note 3 of Schedule 21, the financial statements of a foreign subsidiary which was incorporated during the year and has not completed its first financial year as at March 31, 2007, whose financial statements reflect total assets of Rs.7839 lakhs as at March 31, 2007, total loss of Rs. 1 lakh and net cash inflows amounting to Rs. 253 lakhs for the period ended on that date have been included in the consolidated financial statements on the basis of unaudited management accounts.
 - (d) As stated in Note 6 of Schedule 21, the financial statements of the Company's Associate whose financial statements reflect the Group's share associate's loss upto March 31, 2007 of Rs.2402 lakhs and the share of loss for the year of Rs.25 lakhs has been included in the consolidated financial statements on the basis of unaudited management accounts.
4. We report that the consolidated financial statements have been prepared by the management of The Great Eastern Shipping Company Limited in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India

5. Subject to the matters referred to in paragraph 3 above, and based on our audit and on consideration of the reports of other auditors on separate financial statements and other financial information of the components, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of The Great Eastern Shipping Company Limited Group as March 31, 2007;
 - b) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations for the year ended on that date; and
 - c) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No: 32083
Mumbai, May 04, 2007

Consolidated Balance Sheet as at March 31, 2007.

| | Schedule | Current Year | (Rs. in lakhs) Previous Year |
|---|----------|---------------|---------------------------------|
| SOURCES OF FUNDS : | | | |
| Shareholders' Funds : | | | |
| Capital | 1 | 15227 | 15227 |
| Reserves and Surplus | 2 | 297372 | 226811 |
| | | 312599 | 242038 |
| Minority Interest | | — | 134 |
| Loan Funds : | | | |
| Secured Loans | 3 | 225386 | 187669 |
| TOTAL | | 537985 | 429841 |
| APPLICATION OF FUNDS : | | | |
| Fixed Assets : | 4 | | |
| Gross Block | | 545054 | 434535 |
| Less : Depreciation (including impairment) | | 172994 | 158947 |
| Net Block | | 372060 | 275588 |
| Ships under Construction/Capital work-in-progress | | 31810 | 10974 |
| | | 403870 | 286562 |
| Investments | 5 | 15947 | 16743 |
| Deferred tax assets | | — | 15 |
| Current Assets, Loans and Advances : | | | |
| Inventories | 6 | 3701 | 3678 |
| Sundry Debtors | 7 | 17661 | 8833 |
| Cash and Bank balances | 8 | 117362 | 141791 |
| Other Current assets | 9 | 3266 | 1517 |
| Loans and Advances | 10 | 11267 | 6635 |
| | | 153257 | 162454 |
| Less : Current Liabilities and Provisions : | | | |
| Current Liabilities | 11 | 24572 | 33494 |
| Provisions | 12 | 9505 | 2166 |
| Incomplete Voyages (net) | | 1012 | 273 |
| | | 35089 | 35933 |
| Net Current Assets | | 118168 | 126521 |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | 13 | — | — |
| TOTAL | | 537985 | 429841 |
| 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, May 04, 2007

Jayesh M. Trivedi

Company Secretary

For and on behalf of the Board

K. M. Sheth

Bharat K. Sheth

R. N. Sethna

Mumbai, May 04, 2007

Executive Chairman

Deputy Chairman

& Managing Director

Director

Consolidated Profit and Loss Account for the year ended March 31, 2007.

| | Schedule | Current Year | (Rs. in lakhs) Previous Year |
|--|----------|-----------------|------------------------------------|
| INCOME : | | | |
| Income from Operations | 14 | 230226 | 238264 |
| Other Income | 15 | 11547 | 7677 |
| | | <u>241773</u> | <u>245941</u> |
| EXPENDITURE : | | | |
| Operating Expenses | 16 | 100336 | 101260 |
| Administration & Other Expenses | 17 | 9511 | 8786 |
| Interest & Finance charges | 18 | 11100 | 9758 |
| Depreciation | | 26836 | 28305 |
| Impairment loss on certain assets | | - | 8755 |
| | | <u>147783</u> | <u>156864</u> |
| Profit before tax | | 93990 | 89077 |
| Less : Provision for taxation | | | |
| - Current tax | | 3144 | 2820 |
| - Deferred tax | | - | 414 |
| - Fringe Benefit Tax | | 110 | 227 |
| | | <u>3254</u> | <u>3461</u> |
| Profit for the year after tax | | 90736 | 85616 |
| Add/(Less) : Prior period adjustments | 19 | 542 | (490) |
| | | <u>91278</u> | <u>85126</u> |
| Add/(Less) : Share in Profit/(loss) of Associates | | (25) | 72 |
| Add/(Less) : Minority Interest | | (10) | 14 |
| | | <u>91243</u> | <u>85212</u> |
| Less : Transfer to Tonnage Tax Reserve Account under section 115VT of the Income-tax Act, 1961 | | 15035 | 14500 |
| | | <u>76208</u> | <u>70712</u> |
| (Less)/Add : Transfer (to)/from | | | |
| - Dividend Equalisations Reserve | | - | 18 |
| - Debenture Redemption Reserve | | (1500) | 1900 |
| | | <u>(1500)</u> | <u>1918</u> |
| | | <u>74708</u> | <u>72630</u> |
| Add : Surplus brought forward from previous year | | 63963 | 35539 |
| Less : Transferred on de-merger | | - | 4721 |
| | | <u>63963</u> | <u>30818</u> |
| Amount available for appropriation | | 138671 | 103448 |
| Appropriations : | | | |
| - Transfer to General Reserve | | 20000 | 20000 |
| - Interim Dividend on Equity Shares | | 10659 | 17088 |
| - Proposed Dividend on Equity Shares | | 6852 | - |
| - Tax on Dividends | | 2660 | 2397 |
| | | <u>40171</u> | <u>39485</u> |
| Balance Carried Forward | | 98500 | 63963 |
| Basic and diluted earnings per share (in Rs.) | | 59.92 | 55.96 |
| 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, May 04, 2007

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth
Bharat K. Sheth

Executive Chairman
Deputy Chairman
& Managing Director
Director

R. N. Sethna

Mumbai, May 04, 2007

Consolidated Cash Flow Statement for the year ended March 31, 2007.

| | (Rs. in lakhs) | |
|---|-----------------|----------------|
| | Current Year | Previous Year |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| NET PROFIT/(LOSS) BEFORE TAX : | 93990 | 89077 |
| ADJUSTMENTS FOR : | | |
| Prior year adjustments | 542 | 184 |
| Depreciation including impairment | 26836 | 37061 |
| Interest earned | (9352) | (6343) |
| Interest paid | 11100 | 9758 |
| Dividend received | (1188) | (842) |
| (Profit)/loss on investments (Net) | (140) | (39) |
| (Profit)/loss on sale of sundry assets | (2) | (130) |
| De-merger expenses written off | - | 715 |
| Doubtful debts & advances written off/provided | 476 | 719 |
| Bad debts written off | - | 23 |
| Deferred Revenue Expenditure written off | - | 147 |
| Foreign exchange | (1158) | 240 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES : | 121104 | 130570 |
| ADJUSTMENTS FOR : | | |
| Trade & Other Receivables | (15055) | 6633 |
| Inventories | (32) | (963) |
| Incomplete Voyages (Net) | 544 | (1347) |
| Trade Payables | (753) | 6130 |
| CASH GENERATED FROM OPERATIONS : | 105808 | 141023 |
| Tax Paid | (3757) | (3842) |
| NET CASH FLOW FROM OPERATING ACTIVITIES : | 102051 | 137181 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of fixed assets | (157847) | (91252) |
| * Sale proceeds of fixed assets | 16363 | 31718 |
| Purchase of Investments | (199509) | (155726) |
| Acquisition of subsidiaries/joint venture/associates | (28264) | - |
| Sale proceeds of Investments | 220383 | 142811 |
| Disposal of subsidiary | 334 | - |
| Interest received | 7666 | 5512 |
| Dividend received | 1188 | 842 |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES : | (139686) | (66095) |

| | (Rs. in lakhs) | |
|---|----------------|----------------|
| | Current Year | Previous Year |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Proceeds from long term borrowings | 91768 | 58333 |
| Repayments of long term borrowings | (47500) | (59150) |
| Dividend paid | (17284) | (16706) |
| Tax on Dividend paid | (2429) | (2359) |
| Interest paid | (11438) | (10066) |
| Demerger expenses | - | (715) |
| Net cash outflow on demerger of offshore division | - | (5611) |
| NET CASH FROM/(USED IN) IN FINANCING ACTIVITIES : | 13117 | (36274) |
| Net increase/(decrease) in cash and cash equivalents : | (24518) | 34812 |
| Cash and cash equivalents as at April 1, 2006 (See note below) | 143380 | 108568 |
| Cash and cash equivalents as at March 31, 2007 (See note below) | 118862 | 143380 |
| * Profit on sale of ships, is considered as operating income, consequently the sale proceeds are not included under sale of fixed assets. | | |

Note :

| | | |
|---|-----------------------|----------------|
| Cash and cash equivalents as on | March 31, 2007 | March 31, 2006 |
| Cash and bank balances | 117362 | 141791 |
| Effect of exchange rate changes [Loss/(gain)] | 1500 | 1589 |
| Cash and cash equivalents as restated | 118862 | 143380 |

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

Viraf R. Mehta
Partner
Mumbai, May 04, 2007

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K. M. Sheth
Bharat K. Sheth

Executive Chairman
Deputy Chairman &
Managing Director

R. N. Sethna
Mumbai, May 04, 2007

Director

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2007.

| | Current Year | (Rs. in lakhs) 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 15,26,98,445) Equity Shares of Rs.10 each | 15270 | 15270 |
| | 15270 | 15270 |
| SUBSCRIBED : | | |
| 15,22,76,442 (Previous Year 15,22,76,442) Equity Shares of Rs.10 each | 15227 | 15227 |
| | 15227 | 15227 |
| PAID-UP : | | |
| 15,22,73,924 (Previous Year 15,22,73,924) Equity Shares of Rs.10 each fully paid up | 15227 | 15227 |
| | 15227 | 15227 |

Notes :

- Out of above, 74,39,858 (Previous Year 74,39,858) shares are allotted as fully paid up pursuant to a contract without payment being received in cash.
- The Paid-up Equity Share Capital includes Rs. 0.30 lakhs (Previous year Rs. 0.30 lakhs), on account of forfeited shares and is net of Calls in Arrears Rs. 0.30 lakhs (Previous year Rs. 0.33 lakhs).

SCHEDULE "2" :

RESERVES AND SURPLUS :

| | | |
|---|--------------|--------------|
| (a) CAPITAL RESERVE ON CONSOLIDATION : | | |
| As per last Balance Sheet | 96 | 91 |
| Add : Transfer to Great Offshore Limited on de-merger | - | 5 |
| | 96 | 96 |
| Less : Adjusted on sale of subsidiary | 96 | - |
| | - | 96 |
| (b) CAPITAL REDEMPTION RESERVE : | | |
| As per last Balance Sheet | 23854 | 23854 |
| (c) RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 : | | |
| As per last Balance Sheet | 24000 | 24000 |
| (d) TONNAGE TAX RESERVE ACCOUNT UNDER SECTION 115VT OF THE INCOME-TAX ACT, 1961 : | | |
| As per last Balance Sheet | 29500 | 15000 |
| Add : Transfer from Profit and Loss Account | 15035 | 14500 |
| | 44535 | 29500 |
| (e) DEBENTURE REDEMPTION RESERVE : | | |
| As per last Balance Sheet | 4250 | 6150 |
| Less : Transfer to Profit & Loss Account | - | 1900 |
| | 4250 | 4250 |
| Add : Transfer from Profit and Loss Account | 1500 | - |
| | 5750 | 4250 |
| c/f | 98139 | 81700 |

| | (Rs. in lakhs) | |
|---|----------------|---------------|
| | Current Year | Previous Year |
| b/f | 98139 | 81700 |
| (f) DIVIDEND EQUALISATION RESERVE : | | |
| As per last Balance Sheet | - | 18 |
| Less : Transfer to Profit & Loss Account | - | 18 |
| | - | - |
| (g) EXCHANGE FLUCTUATION RESERVE : | | |
| As per last Balance Sheet | 2500 | 2500 |
| (h) SHARE PREMIUM ACCOUNT : | | |
| As per last Balance Sheet | 12601 | 15801 |
| Less : Transferred to Great Offshore Ltd. on de-merger | - | 3200 |
| | 12601 | 12601 |
| (i) FOREIGN CURRENCY TRANSLATION RESERVE : | | |
| As per last Balance Sheet | 102 | 9 |
| Add : Gain on translation for the year | (415) | 93 |
| | (313) | 102 |
| (j) GENERAL RESERVE : | | |
| As per last Balance Sheet | 65945 | 76698 |
| Less : Transferred to Great Offshore Limited on de-merger | - | 30753 |
| | 65945 | 45945 |
| Add : Transfer from Profit and Loss Account | 20000 | 20000 |
| | 85945 | 65945 |
| (k) PROFIT AND LOSS ACCOUNT | 98500 | 63963 |
| | 297372 | 226811 |
| SCHEDULE "3" : | | |
| SECURED LOANS : | | |
| (a) TERM LOANS - | | |
| - From Banks | 207026 | 167255 |
| Secured by mortgage of specific ships, assignment of bank deposit and a financial covenant to maintain unencumbered assets . | | |
| (b) BANK OVERDRAFTS - | - | 754 |
| Secured by hypothecation of book debts and pledge of deposit receipts with the bank. | | |
| (c) NON-CONVERTIBLE DEBENTURES* - | | |
| (i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - | | |
| - 8.95 % redeemable on July 07, 2007.** | 7127 | 7127 |
| - 6.05 % redeemable on September 19, 2010.** | 8733 | 8733 |
| (ii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each - | | |
| - 10.25 % (series 6 - 7) redeemable in two annual instalments on May 25, 2007 to May 25, 2008. | 2500 | 3800 |
| * Secured by mortgage of specified immovable properties and ships | | |
| ** Liability for Debentures is net of amount recoverable from Great Offshore Limited in respect of amount transferred on de-merger. | | |
| | 225386 | 187669 |

**SCHEDULE “4” :
FIXED ASSETS :**

(Rs. in lakhs)

| Particulars | COST | | | | DEPRECIATION | | | | IMPAIRMENT | | NET BLOCK |
|---|---------------------|---------------------------------|--------------------------|---------------------------------------|----------------------|---------------------|--|--|--------------|---------------------|-----------|
| | As at April 1, 2006 | Assets transferred on de-merger | Addi- tions for the year | Deduc- tions for the year [Note 8(b)] | As at March 31, 2007 | Upto March 31, 2006 | Depre- ciation trans- ferred on de- merger | Adjust- ments in res- pect of assets sold/ discarded | For the year | Upto March 31, 2007 | |
| Fleet | 421324 | - | 131351 | 21565 | 531110 | 146111 | - | 12465 | 26207 | 159853 | 362502 |
| Plant & Machinery : | 432865 | 65210 | 96817 | 43148 | 421324 | 153945 | 23447 | 12111 | 27724 | 146111 | 266458 |
| – Rigs and Barges | - | - | - | - | - | - | - | - | - | - | - |
| | 5217 | 5217 | - | - | - | 4827 | 4827 | - | - | - | - |
| – Others | 1224 | - | 72 | - | 1296 | 347 | - | - | - | - | 833 |
| | 875 | - | 850 | 501 | 1224 | 278 | - | 43 | 112 | 347 | 877 |
| Land | 4934 | - | - | - | 4934 | - | - | - | - | - | 4934 |
| (Freehold & Perpetual Lease) | 4815 | - | 119 | - | 4934 | - | - | - | - | - | 4934 |
| Land (Leasehold) | 5 | - | - | 5 | - | 1 | - | 1 | - | - | - |
| | 9 | 4 | - | - | 5 | 1 | - | - | - | - | 4 |
| Ownership Flats and Office Premises * | 3698 | - | 615 | 2 | 4311 | 870 | - | - | 165 | 1035 | 3141 |
| | 4449 | 1669 | 1010 | 92 | 3698 | 1536 | 771 | 36 | 141 | 870 | 2693 |
| Furniture, Fixtures and Office Equipment | 2678 | - | 256 | 237 | 2697 | 2285 | - | 205 | 219 | 2299 | 398 |
| | 3024 | 620 | 348 | 74 | 2678 | 2661 | 513 | 71 | 208 | 2285 | 393 |
| Vehicles | 672 | - | 184 | 150 | 706 | 443 | - | 118 | 129 | 454 | 252 |
| | 942 | 234 | 151 | 187 | 672 | 641 | 162 | 156 | 120 | 443 | 229 |
| SUB-TOTAL | 434535 | - | 132478 | 21959 | 545054 | 150057 | - | 12789 | 26836 | 164104 | 372060 |
| | 452196 | 72954 | 99295 | 44002 | 434535 | 163889 | 29720 | 12417 | 28305 | 150057 | 275588 |
| Ships under construction/Capital work-in-progress | | | | | | | | | | | |
| | | | | | | | | | | | 31810 |
| | | | | | | | | | | | 10974 |
| | | | | | | | | | | | 403870 |
| | | | | | | | | | | | 286562 |

* The Ownership Flats & Office Premises include Rs. 14,260, (Previous Year Rs. 14,260), being value of shares held in various co-operative societies. (Previous year figures are in italics)

SCHEDULE "5" :
INVESTMENTS :

| | Face Value | Current Year | | Previous Year | |
|---|---------------|---------------------|-----------------|-----------------|-----------------|
| | | No. of Units | Rs. in lakhs | No. of Units | 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 | - | 1,67,85,787 | 25 |
| United Shippers Ltd. - Rs. 5 paid up | 10 | | - | 4,50,000 | 2754 |
| United Shippers Ltd. | 10 | | - | 9,72,973 | 2160 |
| | | | - | | 4939 |
| (b) CURRENT INVESTMENTS : (At lower of cost and fair value - fully paid) | | | | | |
| Equity Shares : Unquoted | | | | | |
| United Shippers Ltd. | 10 | 14,22,973 | 7027 | - | - |
| Mutual Funds - Unquoted | | | | | |
| Liquid/Short Term Schemes | | | 8920 | | 11804 |
| | | | 15947 | | 16743 |
| | | | | | |
| SCHEDULE "6" : INVENTORIES : | | | | | |
| - Fuel oils | | | 3701 | | 3678 |
| | | | 3701 | | 3678 |
| SCHEDULE "7" : SUNDRY DEBTORS : (Unsecured) | | | | | |
| (a) Debts outstanding over six months : | | | | | |
| - Considered good | | 630 | | | 462 |
| - Considered doubtful | | 1108 | | | 799 |
| | | | 1738 | | 1261 |
| (b) Other Debts : | | | | | |
| - Considered good | | | 17031 | | 8371 |
| | | | 18769 | | 9632 |
| Less : Provision for doubtful debts | | | 1108 | | 799 |
| | | | 17661 | | 8833 |
| SCHEDULE "8" : CASH AND BANK BALANCES : | | | | | |
| (a) Cash and cheques on hand | | | 3 | | 11 |
| (b) Balances with scheduled banks : | | | | | |
| - On current account | | | 5119 | | 5576 |
| - On deposit account | | | 95361 | | 127583 |
| | | | 100480 | | 133159 |
| (c) Balances with other banks on call/deposit accounts | | | 16879 | | 8621 |
| | | | 117362 | | 141791 |
| SCHEDULE "9" : OTHER CURRENT ASSETS : | | | | | |
| Interest accrued on investments and deposits | | | 3266 | | 1517 |
| | | | 3266 | | 1517 |

| | (Rs. in lakhs) | |
|---|----------------|---------------|
| | Current 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. 95 lakhs, – Previous year Rs. 5 lakhs) | 8815 | 5404 |
| (b) Agents' current accounts | 2183 | 1094 |
| (c) Balances with Customs, Port Trust etc. | 9 | 4 |
| (d) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation) | 260 | 133 |
| | <u>11267</u> | <u>6635</u> |
| SCHEDULE "11" : | | |
| CURRENT LIABILITIES : | | |
| (a) Sundry Creditors | 14530 | 18164 |
| (b) Advance Charter Hire | 4286 | 3127 |
| (c) Liabilities towards Investor Education and Protection Fund, not due – Unpaid dividend – Unpaid matured fixed deposits | 588 1 | 552 4 |
| (d) Other Liabilities | 1208 | 1304 |
| (e) Interest accrued but not due | 3081 | 3180 |
| (f) Managerial Remuneration payable | 878 | 501 |
| (g) Interim dividend payable | – | 6662 |
| | <u>24572</u> | <u>33494</u> |
| SCHEDULE "12" : | | |
| PROVISIONS : | | |
| (a) Proposed Dividend | 6852 | – |
| (b) Provision for tax on dividends | 1165 | 934 |
| (c) Provision for Retirement benefits | 1488 | 1232 |
| | <u>9505</u> | <u>2166</u> |
| SCHEDULE "13" : | | |
| MISCELLANEOUS EXPENDITURE : | | |
| (to the extent not written off or adjusted) | | |
| Deferred Revenue Expenditure : | | |
| As per last Balance Sheet | – | 192 |
| Less : Transferred to Great Offshore Ltd on de-merger | – | 45 |
| | – | 147 |
| Less : Amortised during the year | – | 147 |
| | – | – |

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2007.

SCHEDULE "14" :

INCOME FROM OPERATIONS :

| | Current Year | (Rs. in lakhs) Previous Year |
|---------------------------------|-------------------------|---|
| Freight and Demurrage | 120506 | 107003 |
| Charter Hire | 93712 | 92453 |
| Profit on sale of Ships | 13631 | 34658 |
| Turnover - Property Development | 79 | 2972 |
| Miscellaneous Operating Income | 2298 | 1178 |
| | 230226 | 238264 |

SCHEDULE "15" :

OTHER INCOME :

| | | |
|---|--------------|-------------|
| Dividend on current investment | 1188 | 842 |
| Interest earned (Gross) : | | |
| - on term deposits | 8522 | 5405 |
| - on call deposit | 796 | 825 |
| - others | 32 | 113 |
| (Income-tax deducted at source Rs.1705 lakhs, Previous Year Rs.1155 lakhs) | 9350 | 6343 |
| Profit on sale of Investments : | | |
| - long term investment | 52 | - |
| - current investments (net) | 88 | 39 |
| | 140 | 39 |
| Gain on foreign currency transactions (net) | 137 | 177 |
| Profit on sale of sundry assets (net) | 1 | 130 |
| Miscellaneous Income | 731 | 146 |
| | 11547 | 7677 |

SCHEDULE "16":

OPERATING EXPENSES :

| | | |
|--|---------------|---------------|
| Fuel Oil and Water | 26222 | 18357 |
| Port, Light and Canal Dues | 10190 | 8415 |
| Stevedoring, Despatch & Cargo Expenses | 334 | 209 |
| Hire of chartered ships | 23809 | 23979 |
| Brokerage & Commission | 2731 | 2577 |
| Agency Fees | 603 | 556 |
| Wages, Bonus and Other Expenses - Floating Staff | 12830 | 11778 |
| Contribution to Provident & Other Funds - Floating Staff | 208 | 195 |
| Stores | 5265 | 4734 |
| Repairs & Maintenance - Fleet | 13385 | 21967 |
| Insurance & Protection Club Fees | 3166 | 4069 |
| Vessel Management Expenses | 644 | 602 |
| Sundry Operating Expenses | 883 | 761 |
| Cost of sales - Property development | 66 | 3061 |
| | 100336 | 101260 |

SCHEDULE “17” :**ADMINISTRATION & OTHER EXPENSES :**

Staff Expenses

- Salaries, Allowances & Bonus
- Staff Welfare Expenses
- Contribution to Provident & Other Funds

Rent

Insurance

Repairs and Maintenance -

- Buildings
- Others

Property Taxes

Miscellaneous Expenses

De-merger expenses written off

Doubtful debts written off

Provision for doubtful debts & advances (Net)

SCHEDULE “18”:**INTEREST & FINANCE CHARGES :**

Interest on Fixed Loans

Other Interest

Finance charges

Less : Pre-delivery interest capitalised

SCHEDULE “19”:**PRIOR PERIOD ADJUSTMENTS :**

Income/(Expenses) of prior years (net)

Excess provisions written back

Income tax for prior years

(Rs. in lakhs)**Current
Year****Previous
Year****5078****3757****85****79****232****250****5395****4086****43****60****73****67****102****27****240****266****342****293****14****9****3166****2814****-****715****51****131****427****611****9511****8786****10914****9335****6****1****644****694****11564****10030****464****272****11100****9758****542****(37)****-****221****-****(674)****542****(490)**

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 of fuel oil are carried at cost on first-in-first out basis.

(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 qualifying assets are capitalised as a part of the respective asset, upto the date of acquisition/completion of construction.

(h) 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.

(i) Operating expenses :

- (i) Fleet direct operating expenses are charged to revenue on completed voyage basis.
- (ii) Stores and spares delivered on board the ships are charged to revenue.
- (iii) Expenses on account of general average claims/damages to ships are written off in the year in which they are incurred. Claims against the underwriters are accounted for on submission of average adjustment by the adjustors.

(j) Retirement benefits :

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

(k) 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 30 years |
| – Gas Carriers | | 27 to 30 years |
| Leasehold land | Straight line | Lease period |
| Ownership flats and buildings | Written down value | 5% |
| Furniture & Fixtures, office Equipment, Vehicles,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 statement.

(l) 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.

(m) 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.

(n) 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.

(o) 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 statements 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 the proportionate consolidation method.

2. The financial statements of the subsidiaries and joint venture used in the consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2007. The financial statement of Greatship Holding B.V. and Greatship Global Energy Services Pte. Ltd., both incorporated during the year, are for the period from the respective dates of incorporation upto March 31, 2007. The financial statement of the Associate are not available as of the reporting date and have thus been consolidated on the basis of unaudited accounts drawn upto January 31, 2007.

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 Travels India Ltd. (Upto March 20, 2007) | India | 63.64% | 63.64% |
| 6. | Greatship Holdings B.V. (wholly owned subsidiary of Greatship (India) Ltd.) | Netherland | 100% | – |
| 7. | Greatship Global Energy Services Pte. Ltd. (wholly owned subsidiary of Greatship (India) Ltd.) | Singapore | 100% | – |

Greatship Global Energy Services Pte. Ltd. was incorporated as a wholly owned subsidiary of Greatship (India) Ltd. on October 23, 2006 and its first Financial period will be from the date of incorporation upto March 31, 2008. The subsidiary has been included in the consolidated financial statements on the basis of unaudited management account for the period upto March 31, 2007.

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% |

* Investment in United Shippers Ltd. (USL) has not been accounted under the equity method in view of the decision of the Company to disinvest its entire holding in USL as of the Balance Sheet date. USL has thus ceased to be an enterprise over which the Company has significant influence and the same has been carried as a Current Investment in accordance with Accounting Standard (AS) 13 as on the Balance Sheet date.

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 |
| I. | CGU Logistic Ltd. | India | 22.56% | – |

The proportionate share of Assets, Liabilities, Income and Expenditure of the above jointly controlled entity, included in the Consolidated financial statements is as under :

| | Rs. in lakhs |
|-----------------------------------|--------------|
| ASSETS | |
| Net Block | 403 |
| Cash and Bank Balances | 79 |
| Profit and Loss Account | 28 |
| | 510 |
| LIABILITIES | |
| Equity Share Capital | 509 |
| Current Liabilities | 1 |
| | 510 |
| INCOME | |
| Income from Operations | – |
| Other Income | – |
| | – |
| EXPENDITURE | |
| Operating Expenses | – |
| Administration and other expenses | 28 |
| | 28 |

The audited financial statements of CGU Logistic Ltd. (jointly controlled entity) are not available as on the date of the consolidated financial statements and consequently the above mentioned shares of Assets, Liabilities, Income and Expenditure have been included in the consolidated financial statements on the basis of unaudited management account.

6. Investments :

Investments in Associates has been accounted for in the consolidated financial 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 | – | 218 | 1442 | 218 |
| Goodwill | – | 2184 | 3425 | 2184 |
| Cost of Investment | – | 2402 | 4867 | 2402 |
| Share of Profit/(Loss) in Associates post acquisition | – | (2377) | – | (2402) |
| Share of Profit/(Loss) in Associates for the year | – | (25) | 47 | 25 |
| Carrying Cost | – | – | 4914 | 25 |

The audited financial statements of Business Standard Ltd. are not available as on the date of the consolidated financial statements and the group share of loss, for the year ended March 31, 2007 has been accounted on the basis of unaudited management account.

7. Contingent Liabilities :

| Sr. No. Particulars | Rs. In lakhs | |
|---|--------------|---------------|
| | Current Year | Previous Year |
| (i) Guarantees given by banks including performance and bid bonds, counter guaranteed by the Group. | 15760 | 400 |
| (ii) Corporate guarantees including comfort letter given on behalf of subsidiary companies. | - | 450 |
| (iii) Counter guarantees given to bank on behalf of Subsidiaries | 25519 | - |
| (iv) Sales Tax demands under BST Act for the years 1995-96, 1996-97, 1997-98, 1998-99, 1999-00 & 2001-02 against which the Group has preferred appeals. | 1303 | 691 |
| (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 | 1740 |
| (vi) Possible obligation in respect of matters under arbitration/appeal. | 59 | 74 |
| (vii) 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 |
| (viii) Uncalled amount on partly paid shares held in United Shippers Ltd. | - | 2160 |

8. Fixed Assets :

- Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 259249 lakhs [Previous Year Rs. 111369 lakhs].
- 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. 5568 lakhs [Previous Year Rs. 3093 lakhs].
- The deed of assignment in respect of a Leasehold property at Worli is yet to be transferred in the name of the Company.

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.

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, 2006 | Additions during the year | Reversed/ Paid during the year | Balance as on March 31, 2007 |
| 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. | 177 | - | 177 | - |
| Vessel Performance/Offhire Claims | | | | |
| Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute. | 811 | 608 | 157 | 1262 |

11. The Holding Company has provided a performance guarantee in favour of a party which has awarded a contract to the Company's wholly owned subsidiary which would require it to assume the benefits and costs of this contract in the event the subsidiary is not able to fulfill the same, in which event, the company does not expect any net liability or outflow of resources.

12. Hedging Contracts :

i) Derivative instruments outstanding :

(a) Commodity futures contracts for import of Bunker :

| | Current Year | | Previous Year | |
|--|--------------|------|---------------|------|
| Details | Purchase | Sale | Purchase | Sale |
| Total No. of contracts outstanding | 3 | - | 1 | - |
| No. of units in MT under above contracts | 12000 | - | 6000 | - |

(b) Forward exchange contracts :

| | Current Year | | Previous Year | |
|-----------------------------|--------------|--------|---------------|--------|
| Details | Purchase | Sale | Purchase | Sale |
| Total No. of contracts | 16 | 43 | - | 53 |
| Foreign Currency Value | | | | |
| US Dollar (million) | 3.000 | 86.000 | - | 99.500 |
| Sterling Pounds (million) | 11.400 | - | - | - |
| Norwegian Kroners (million) | 139.733 | - | - | - |

(c) Interest rate swap contracts :

| | Current Year | Previous Year |
|--------------------------------|--------------|---------------|
| Total No. of contracts | 25 | 30 |
| Loan Value US Dollar (million) | 160.609 | 235.617 |

(d) Currency Swap Contract :

| | Current Year | Previous Year |
|--------------------------|--------------|---------------|
| Total No. of contracts | 12 | 8 |
| Loan Value Rs. Crores | 150.05 | 163.05 |
| Loan Value JPY (million) | 13883.906 | 5830.388 |

ii) The Company uses forward exchange contracts and currency/interest rate swaps to hedge its exposure to foreign exchange and interest rate changes and the commodity futures contracts for hedging the exposure to bunker imports.

iii) Un-hedged foreign currency exposures as on March 31, 2007 :

Amount in equivalent US Dollar

| | Current Year in millions | Previous Year in millions |
|--------------------------------|-----------------------------|------------------------------|
| Loans liabilities and payables | 519.692 | 405.575 |
| Current Assets | 21.374 | 17.927 |

13. Segment Reporting :

The Group is mainly engaged only in shipping business and there are no separate reportable segments as per Accounting Standard (AS)17 "Segment Reporting".

14. Related Party Disclosures :

(i) List of Related Parties

Related parties with whom transactions have taken place during the year

(a) Associates :

United Shippers Ltd. (upto December 18, 2006)

United Shippers FZC (upto December 18, 2006)

(b) Key Management Personnel :

Mr. K. M. Sheth – Executive Chairman

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

Mr. Ravi K. Sheth – Executive Director

(c) Relatives of Key Management Personnel :

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

(d) Enterprises over which Key Management Personnel exercise significant influence : Great Offshore Ltd.

(ii) Transactions with related parties :

(Rs. in Lakhs)

| Nature of Transaction | Associate Companies | | Key Management Personnel | | Enterprises over which Key Management Personnel exercise significant influence | | 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. 447 lakhs - United Shippers FZC, Dubai Rs. 828 lakhs | 1275 | 653 | - | - | - | - | - | 3 | 1275 | 656 |
| Services received : | - | - | - | 2 | - | - | - | - | - | 2 |
| Dividend income - United Shippers Ltd. - Rs. 18 lakhs | 18 | - | - | - | - | - | - | - | 18 | - |
| Interest income - Great Offshore Ltd. - Rs. 3 lakhs | - | - | - | - | 3 | - | - | - | 3 | - |
| Finance received (including loans, repayment of loans and equity contributions) | - | - | - | - | - | - | - | 12 | - | 12 |
| Finance provided (including loans and equity contributions) - United Shippers Ltd. - Rs. 2160 lakhs - Great Offshore Ltd. - Rs. 242 lakhs | 2160 | 4867 | - | - | 242 | - | - | - | 2402 | 4867 |
| Remuneration - Shri K .M. Sheth Rs. 497 lakhs - Shri B. K. Sheth Rs. 531 lakhs - Shri R. K. Sheth Rs. 347 lakhs | - | - | 1375 | 880 | - | - | - | 249 | 1375 | 1129 |

| Nature of Transaction | Associate Companies | | Key Management Personnel | | Enterprises over which Key Management Personnel exercise significant influence | | 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 |
| Outstanding balance as on 31-03-2007 : | | | | | | | | | | |
| Receivables | - | - | - | - | 243 | - | - | - | 243 | - |
| - Great Offshore Ltd. - Rs. 243 lakhs | | | | | | | | | | |
| Sundry Debtors | 81 | 97 | - | - | - | - | - | - | 81 | 97 |
| - United Shippers Ltd. Rs. 30 lakhs | | | | | | | | | | |
| - United Shippers FZC, Dubai Rs. 51 lakhs | | | | | | | | | | |

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

15. The group has changed the life of Dry Bulk Carriers from 23-25 years to 23-30 years. This change has no impact on the profits for the year as the change will be applicable only to Dry Bulk Carriers acquired after April 01, 2007.

16. Basic and diluted earnings per share :

(Rs. in lakhs)

| | Current Year | Previous Year |
|--|---------------------|---------------------|
| (a) Profit for the year after tax | 90736 | 85616 |
| (Less)/Add: Prior period adjustments | 542 | (490) |
| Share in profit/(loss) of associates | (25) | 72 |
| Minority Interest | (10) | 14 |
| | <u>91243</u> | <u>85212</u> |
| Net Profit after tax for Equity Shareholders | <u>91243</u> | <u>85212</u> |
| (b) Number of Equity shares as on April 1, 2006 | 15,22,73,924 | 19,03,39,975 |
| Less: Shares transferred on De-merger | - | 3,80,67,995 |
| | <u>15,22,73,924</u> | <u>15,22,71,980</u> |
| Add: Shares allotted out of abeyance quota | - | 1,944 |
| Number of Equity Shares as on March 31, 2007 | <u>15,22,73,924</u> | <u>15,22,73,924</u> |
| Weighted average number of Equity Shares Outstanding during the year | 15,22,73,924 | 15,22,73,700 |
| (c) Face value of Equity Share | Rs. 10 | Rs. 10 |
| (d) Basic and diluted earnings per share | Rs. 59.92 | Rs. 55.96 |

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

Statement Pursuant to Section 212 of the Companies Act, 1956

| | | | | | | | |
|---|---|--|-------------------------------------|--|------------------------|--------------------------|---|
| 1 | Name of Subsidiary | The Great Eastern Shipping Co. London Ltd. | The Greatship (Singapore) Pte. Ltd. | The Great Eastern Chartering LLC - (FZC) | Greatship (India) Ltd. | Greatship Holdings B.V.® | Greatship Global Energy Services Pte. Ltd.® |
| 2 | Financial Year ended | March 31, 2007 | March 31, 2007 | March 31, 2007 | March 31, 2007 | March 31, 2007 | March 31, 2007* |
| 3 | Date from which it became a Subsidiary | July 3, 1985 | March 28, 1994 | November 1, 2004 | June 26, 2002 | November 22, 2006 | October 23, 2006 |
| 4 | Extent of interest of the Holding Company in the Capital of the Subsidiary | 100% | 100% | 100% | 100% | 100% | 100% |
| 5 | Net aggregate amount of the Subsidiary's profits less losses not dealt with in the Holding Company's Accounts | | | | | | |
| | (i) Current Year | Rs. (94,00,919)# | Rs. 70,81,468 | Rs. 30,29,40,318 | Rs. 1,93,77,913 | Rs. (5,80,937) | Rs. (1,35,063) |
| | (ii) Previous Year since it became Subsidiary | Rs. 38,49,67,496 | Rs. 2,16,70,604 | Rs. 6,66,71,026 | Rs. (53,601) | — | — |
| 6 | Net aggregate amount of the Subsidiary's profits less losses dealt with in the Holding Company's Accounts | | | | | | |
| | (i) Current Year | — | — | — | — | — | — |
| | (ii) Previous Year since it became Subsidiary | — | — | — | — | — | — |

@ Greatship Holdings B.V. & Greatship Global Energy Services Pte. Ltd. are the wholly owned subsidiaries of Greatship (India) Ltd., which in turn, is a wholly owned subsidiary of the Company.

* The first financial year of Greatship Global Energy Services Pte. Ltd. will close on March 31, 2008.

The Great Eastern Shipping Co. London Ltd. has reported a profit of USD 33,928. However, due to loss on exchange difference on conversion of the USD figures to INR, the company has reported a loss of Rs. 94,00,919/-.

For and on behalf of the Board

Jayesh M. Trivedi
Company Secretary

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

Mumbai, May 04, 2007

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies.

The Central Government, in exercise of the powers conferred by sub section (8) of Section 212 of the Companies Act, 1956 has directed that the provisions contained in sub section (1) of Section 212 of the Companies Act, 1956 shall not apply in respect of the subsidiaries of the Company for the financial year ended March 31, 2007. Accordingly, the annual accounts of the subsidiary companies have not been attached to the Balance Sheet of the Company as at March 31, 2007.

The annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies are also available for inspection, during business hours, at the Registered Office of the Company and at the head offices of the respective subsidiary companies.

As per the terms of the exemption letter, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2007 is as follows:

| | (Rs. in lakhs) | | | | | |
|------------------------|--|-------------------------------------|--|------------------------|-------------------------|---|
| | The Great Eastern Shipping Co. London Ltd. | The Greatship (Singapore) Pte. Ltd. | The Great Eastern Chartering LLC (FZC) | Greatship (India) Ltd. | Greatship Holdings B.V. | Greatship Global Energy Services Pte. Ltd.* |
| Capital | 132 | 131 | 18 | 2650 | 10 | 7840 |
| Reserves | 3756 | 283 | 3678 | 23143 | (6) | (1) |
| Total Assets | 3929 | 450 | 6270 | 32419 | 12 | 7900 |
| Total Liabilities | 3929 | 450 | 6270 | 32419 | 12 | 7900 |
| Current Investments | — | — | — | 3457 | — | — |
| Turnover | 101 | 453 | 15336 | 2166 | — | — |
| Profit before taxation | (91) | 80 | 3029 | 234 | (6) | (1) |
| Provision for taxation | 3 | 9 | — | 40 | — | — |
| Profit after taxation | (94)# | 71 | 3029 | 194 | (6) | (1) |
| Proposed dividend | — | 17 | — | — | — | — |

* The first financial year of Greatship Global Energy Services Pte. Ltd. will close on March 31, 2008.

The Great Eastern Shipping Co. London Ltd. has reported a profit of USD 33,928. However, due to loss on exchange difference on conversion of the USD figures to INR, the company has reported a loss of Rs. 94,00,919/-.

[illegible]

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

| | |
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| DP. ID* | |
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| Registered Folio No. | |
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| Client ID* | |
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NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the 59th Annual General Meeting of the Company held on Thursday, July 26, 2007 at 3.00 p.m. at Chavan Centre, Gen. Jagannath Bhosale Marg, Near Sachivalaya Gymkhana, Mumbai 400 021.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

----- Tear Here -----

PROXY FORM**THE GREAT EASTERN SHIPPING CO. LTD.**

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

| | |
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| DP. ID* | |
|---------|--|

| | |
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| Registered Folio No. | |
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| Client ID* | |
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I/We

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

hereby appointof

..... or failing him

..... of

as my/our proxy to vote for me/us and on my/our behalf at the 59th Annual General Meeting to be held on Thursday, July 26, 2007 at 3.00 p.m. or at any adjournments thereof.

Signed this day of 2007

Place :

* Applicable for investors holding shares in electronic form.

Affix
Revenue
Stamp

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.



The Great Eastern Shipping Co. Ltd.

Regd. Office:
Ocean House, 134/A,
Dr. Annie Besant Road,
Worli, Mumbai - 400 018, INDIA
Tel.: +91-22-6661 3000
Fax: +91-22-2492 5900

www.greatship.com