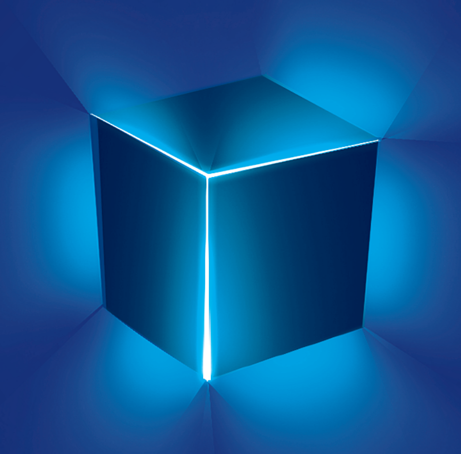
59th Annual Report 2006-07

(Subsidiaries' Reports)

The Great Eastern Shipping Co. Ltd.



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THE GREAT EASTERN SHIPPING COMPANY LIMITED

Reports of Subsidiary Companies

Contents.....

THE GREAT EASTERN SHIPPING CO. LONDON LTD.

A Subsidiary Company

DIRECTORS	B. K. Sheth M. J. Brace P. B. Kerr-Dineen
SECRETARY	M. J. Brace
REGISTERED OFFICE	The Galleries Charters Road Sunningdale Ascot Berkshire SL5 9QJ
REGISTERED NUMBER	1877474 (England and Wales)
AUDITORS	Davis Burton Sellek Chartered Accountants Registered Auditors The Galleries Charters Road Sunningdale Berkshire SL5 9QJ
BANKERS	Royal Bank of Scotland Shipping Business Centre 5-10 Great Tower Street London EC3P 3HX Bank of Baroda 32 City Road London EC1Y 2BD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report with the financial statements of the Company for the year ended 31 March 2007.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of shipping.

The company did not actively trade in the period.

REVIEW OF BUSINESS

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

Having ceased its previous business of directly operating general cargo ships, the company closed its London office at the end of June 2006. The directors are continuing to hold funds on short term deposit pending a decision on future activities.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2007.

FUTURE DEVELOPMENTS

The directors are evaluating opportunities for future business.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2006 to the date of this report unless otherwise stated.

V. K. Sheth resigned on 16 October 2006.

The directors shown below were in office at 31 March 2007 but did not hold any interest in the ordinary shares of £10 each at 1 April 2006 or 31 March 2007.

B. K. Sheth

M. J. Brace

P. B. Kerr – Dineen

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Davis Burton Sellek, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

M. J. Brace – Secretary

Date: 25 April 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE GREAT EASTERN SHIPPING CO. LONDON LTD.

We have audited the financial statements of The Great Eastern Shipping Co. London Ltd. for the year ended 31 March 2007 on pages six to fifteen. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described on pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Davis Burton Sellek
Chartered Accountants
Registered Auditors
The Galleries
Charters Road
Sunningdale
Berkshire SL5 9QJ

Date: 25 April 2007

Profit and Loss Account for the year ended 31 March 2007

	Notes	2007 US$	2007 INR	2006 US$	2006 INR
TURNOVER		**-**	**-**	6,006,401	265,723,180
Cost of Sales		**(26,924)**	**(1,218,580)**	3,067,700	135,715,048
GROSS PROFIT		**26,924**	**1,218,580**	2,938,701	130,008,132
Administrative expenses		**437,110**	**19,783,599**	296,451	13,114,992
		(410,186)	**(18,565,019)**	2,642,250	116,893,140
Other operating income		**132**	**5974**	435	19,244
OPERATING PROFIT / (LOSS)	3	**(410,054)**	**(18,559,045)**	2,642,685	116,912,384
Interest receivable and similar income		**464,393**	**10,069,481***	243,928	17,633,065
		54,339	**(8,489,564)**	2,886,613	134,545,449
Interest payable and similar charges	4	**13,719**	**620,922**	-	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**40,620**	**(9,110,486)**	2,886,613	134,545,449
Tax on profit on ordinary activities	5	**6,692**	**290,433**	480,377	21,519,073
PROFIT /(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		**33,928**	**(9,400,919)**	2,406,236	113,026,376
Retained profit brought forward		**8,622,112**	**384,967,496**	6,175,876	270,191,120
		8,656,040	**375,566,577**	8,582,112	383,217,496
Transfer from other distributable reserves		**-**	**-**	40,000	1,750,000
RETAINED PROFIT CARRIED FORWARD		**$8,656,040**	**375,566,577**	$8,622,112	384,967,496

**INR figure includes loss on exchange difference on conversion.*

CONTINUING OPERATIONS

All of the company's trading activities were discontinued during the year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements.

BALANCE SHEET
31 MARCH 2007

	Notes	2007 US$	2007 INR	2006 US$	2006 INR
FIXED ASSETS:					
Tangible assets	6	—	—	12,708	553,498
CURRENT ASSETS:					
Debtors	7	17,109	742,531	2,354	105,035
Cash at bank and in hand		9,035,074	392,122,212	9,713,194	433,402,716
		9,052,183	392,864,743	9,715,548	433,507,751
CREDITORS: Amounts falling due within one year	8	94,543	4,103,166	804,544	35,898,753
NET CURRENT ASSETS:		8,957,640	388,761,577	8,911,004	397,608,998
TOTAL ASSESTS LESS CURRENT LIABILITIES		8,957,640	388,761,577	8,923,712	398,162,496
PROVISIONS FOR LIABILITIES AND CHARGES:		—	—	—	—
		$8,957,640	**388,761,577**	**$8,923,712**	**398,162,496**
CAPITAL AND RESERVES:					
Called up share capital	9	301,600	13,195,000	301,600	13,195,000
Profit and loss account		8,656,040	375,566,577	8,622,112	384,967,496
SHAREHOLDERS' FUNDS:	14	**$8,957,640**	**388,761,577**	**$8,923,712**	**398,162,496**

ON BEHALF OF THE BOARD

Bharat K. Sheth - Director

Approved by the Board on 25 April 2007

The notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 US$	2007 INR	2006 US$	2006 INR
Net cash (outflow) / inflow from operating activities	1	(502,559)	(22,764,864)	(595,313)	(26,282,946)
Returns on investments and servicing of finance	2	450,674	9,824,541	243,928	17,881,984
Taxation		(621,396)	(28,124,383)	(430,375)	(19,039,790)
Capital expenditure	2	185	8,374	4,112,154	181,591,597
Management of liquid resources		(5,024)	(224,171)	5,024	224,171
(Decrease) / Increase in cash in the period		$(678,120)	(41,280,504)	$3,335,418	154,375,016

	Notes	2007 US$	2007 INR	2006 US$	2006 INR
Reconciliation of net cash flow to movement in net funds	3				
(Decrease) / Increase in cash in the period		(678,120)	(41,280,504)	3,335,418	154,375,016
Change in net funds resulting from cash flows		(678,120)	(41,280,504)	3,335,418	154,375,016
Movement in net funds in the period		(678,120)	(41,280,504)	3,335,418	154,375,016
Net funds at 1 April		9,713,194	433,402,716	6,377,776	279,027,700
Net funds 31 March		$9,035,074	392,122,212	$9,713,194	433,402,716

The notes form part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

1. RECONCIALIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 US$	2007 INR	2006 US$	2006 INR
Operating profit / (loss)	(410,054)	(18,559,045)	2,642,685	116,912,384
Depreciation charges	—	—	3,519	155,681
Loss / (profit) on sale of fixed assets	12,524	566,836	(3,444,005)	(152,362,781)
Decrease / (Increase) in debtors	(14,755)	(637,496)	131,285	5,741,671
(Decrease) / Increase in creditors	(90,274)	(4,135,159)	71,203	3,270,099
Net cash (outflow) / inflow from operating activities	**$(502,559)**	**(22,764,864)**	**$(595,313)**	**(26,282,946)**

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

	2007 US$	2007 INR	2006 US$	2006 INR
Returns on investments and servicing of finance				
Interest received	474,560	21,478,586	273,014	12,078,139
Foreign exchange gains / (losses)	(10,167)	(11,033,123)	(29,086)	5,803,845
Interest paid	(13,719)	(620,922)	—	—
Net cash inflow for returns on investments and servicing of finance	$450,674	9,824,541	$243,928	17,881,984
Capital expenditure				
Purchase of tangible fixed assets	—	—	(168)	(7,432)
Sale of tangible fixed assets	185	8,373	4,112,322	181,599,029
Net cash inflow for capital expenditure	$185	8,373	$4,112,154	181,591,597

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.06 $	Cash Flow $	At 31.3.07 $
Net Cash:			
Cash at bank and in hand	9,713,194	(678,120)	9,035,074
	9,713,194	(678,120)	9,035,074
Total	$9,713,194	$(678,120)	$9,035,074

	At 1.4.06 INR	Cash Flow INR	At 31.3.07 INR
Net Cash:			
Cash at bank and in hand	433,402,716	(41,280,504)	392,122,212
	433,402,716	(41,280,504)	392,122,212
Total	433,402,716	(41,280,504)	392,122,212

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover (2006) represents the aggregate of revenue receivable from ship operators under charters, commissions receivable in respect of fixtures arranged for third parties, and profits realised on the sale of ships.

Tangible fixed assets

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

Fixtures and fittings - 20% on reducing balance
Motor vehicles - 25% on reducing balance

Deferred tax

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

Foreign currencies

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

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

The Indian rupee equivalent figures are converted from US dollars at the year-end exchange rate for assets and liabilities, and at the average rate for the year for income and expenditure.

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension Costs

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2007 US$	2007 INR	2006 US$	2006 INR
Wages and salaries	28,582	1,293,621	99,151	4,386,440
Social Security costs	1,252	56,666	10,470	463,193
Other pension costs	129,929	5,880,587	39,183	1,733,456
Termination and redundancy costs	173,674	7,860,938	—	—
	$333,447	15,091,812	$148,804	6,583,089

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

	2007	2006
Staff (including directors)	4	6

3. OPERATING (LOSS) / PROFIT

The operating (loss) / profit is stated after charging / (crediting):

	2007 US$	2007 INR	2006 US$	2006 INR
Operating leases	10,773	487,586	26,054	1,152,629
Depreciation – owned assets	—	—	3,519	155,681
Loss / (profit) on disposals of fixed assets	12,524	566,836	(2,969)	(131,349)
Auditors' remuneration	6,000	271,560	6,000	265,440
Non-audit work	32,408	1,466,786	39,817	1,761,502
Directors' emoluments	—	—	—	—

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 US$	2007 INR	2006 US$	2006 INR
Interest on tax installments	13,719	620,922	—	—

5. TAXATION

Analysis of the tax charge

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

	2007 US$	2007 INR	2006 US$	2006 INR
Current tax:				
UK corporation tax	6,692	290,433	577,677	25,775,948
Deferred taxation	—	—	(97,300)	(4,256,875)
Tax on profit on ordinary activities	6,692	290,433	$480,377	21,519,073

UK corporation tax has been charged at 19% (2006 – 30%)

6. TANGILBE FIXED ASSETS

	Fixtures and fittings $	Motor vehicles $	Totals $
COST:			
At 1 April 2006	50,828	23,002	73,830
Additions	—	—	—
Disposals	(50,828)	(23,002)	(73,830)
At 31 March 2007	—	—	—
DEPRECIATION:			
At 1 April 2006	42,213	18,908	61,121
Charge for year	—	—	—
Eliminated on disposals	(42,213)	(18,908)	(61,121)
At 31 March 2007	—	—	—
NET BOOK VALUE:			
At 31 March 2007	$-	$-	$-
At 31 March 2006	$8,615	$4,094	$12,709

	Fixtures and fittings INR	Motor vehicles INR	Totals INR
COST:			
At 1 April 2006	2,226,737	1,006,338	3,233,075
Additions	—	—	—
Disposals	(2,226,737)	(1,006,338)	(3,233,075)
At 31 March 2007	—	—	—
DEPRECIATION:			
At 1 April 2006	1,850,917	828,660	2,679,577
Charge for year	—	—	—
Eliminated on disposals	(1,850,917)	(828,660)	(2,679,577)
At 31 March 2007	—	—	—
NET BOOK VALUE:			
At 31 March 2007	—	—	—
At 31 March 2006	375,820	177,678	553,498

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 US$	2007 INR	2006 US$	2006 INR
V A T	1,979	85,889	2,354	105,035
Other debtors	15,130	656,642	—	—
Prepayments			—	—
	$17,109	742,531	$2,354	105,035

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 US$	2007 INR	2006 US$	2006 INR
Social security & other taxes	—	—	1,792	79,959
Owed to group undertaking	—	—	5,024	224,171
Corporation tax	6,692	290,433	621,396	27,726,690
Accrued expenses	87,851	3,812,733	176,332	7,867,933
	$94,543	4,103,166	$804,544	35,898,753

9. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2007 US$	2007 INR	2006 US$	2006 INR
16,000	Ordinary	£10	301,600	13,195,000	301,600	13,195,000

10. ULTIMATE PARENT COMPANY

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

11. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2007 other than in respect of the assignment of the London office lease which expires on 31 August 2008.

12. RELATED PARTY DISCLOSURES

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

13. APB ETHICAL STANDARD – PROVISIONS AVAILABLE FOR SMALL ENTITIES

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

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 US$	2007 INR	2006 US$	2006 INR
Profit / (loss) for the financial year	33,928	(9,400,919)	2,406,236	113,026,376
Net addition to shareholders' fund	33,928	(9,400,919)	2,406,236	113,026,376
Opening shareholders' funds	8,923,712	398,162,496	6,517,476	285,136,120
Closing shareholders' funds	8,957,640	388,761,577	8,923,712	398,162,496

THE GREATSHIP (SINGAPORE) PTE. LTD.

A Subsidiary Company

DIRECTORS	Naware Pradyumna Raghunath Jaya Prakash Balan Wasudeo
COMPANY SECRETARY	Cheng Lian Siang
REGISTERED OFFICE	61 Robinson Road #09-03 Robinson Centre Singapore 068893
REGISTRATION NUMBER	199401313 D
AUDITORS	Shanker Iyer & Co.

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements of the company for the financial year ended 31 March 2007.

DIRECTORS

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

Naware Pradyumna Raghunath
Jaya Prakash
Balan Wasudeo

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object was to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the ragister of directors' shareholdings kept by the purpose of Section 164 of the Singapore Companies Act, Cap. 50, the directors holding office at the end of the finanacial year had interest in shares of the company and its ralated corporations as detailed below:

	No. of ordinary shares	
	As at 01.04.2006	As at 31.03.2007
The Great Eastern Shipping Company Limited (holding company)		
Naware Pradyumna Raghunath	3,690	2,952

None of the directors holding office at the end of the financial year had any interest in the debentures of the company or its related corporations.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the company has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the financial statements.

SHARE OPTIONS

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

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

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

AUDITORS

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

On behalf of the Board

Naware Pradyumna Raghunath
Director

Jaya Prakash
Director
16 April, 2007.

STATEMENT BY DIRECTORS

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

(a) the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2007 and of its results, changes in equity and cash flows for the financial year ended on that date; and

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

The board of directors authorised these financial statements for issue on 16 April, 2007.

On behalf of the Board

Naware Pradyumna Raghunath

Director

Jaya Prakash

Director

16 April, 2007.

AUDITORS' REPORT TO THE MEMBER OF THE GREATSHIP (SINGAPORE) PTE. LTD.

We have audited the accompanying financial statements of THE GREATSHIP (SINGAPORE) PTE. LTD. as set out on pages 7 to 25, which comprise the balance sheet as at 31 March 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provision of the Singapore Companies Act, Cap 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the financial statements of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2007 and its results, changes in equity and cash flows for the financial year ended on that date; and

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

SHANKER IYER & CO
CERTIFIED PUBLIC ACCOUNTANTS

Singapore
16 April, 2007.

Balance Sheet as at 31 March 2007

	Note	2007 S$	2007 Rs.	2006 S$	2006 Rs.
NON-CURRENT ASSET					
Plant and equipment	3	**—**	—	16,579	457,415
CURRENT ASSETS					
Cash and cash equivalents	4	**1,251,645**	35,847,113	1,313,386	36,236,320
Trade receivables	5	**201,161**	5,761,251	18,626	513,891
Other receivables	6	**119,094**	3,410,852	43,410	1,197,682
		1,571,900	45,019,216	1,375,422	37,947,893
CURRENT LIABILITIES					
Trade payables	7	**29,348**	840,527	55,092	1,519,989
Other payables	8	**61,434**	1,759,470	51,252	1,414,043
Provision for taxation		**34,505**	988,223	26,302	725,672
		125,287	3,588,220	132,646	3,659,704
NET CURRENT ASSETS		**1,446,613**	41,430,996	1,242,776	34,288,189
NET ASSETS		**1,446,613**	41,430,996	1,259,355	34,745,604
SHAREHOLDER'S EQUITY					
Share capital	9	**500,000**	13,075,000	500,000	13,075,000
Retained profits		**946,613**	28,355,996	759,355	21,670,604
TOTAL EQUITY		**1,446,613**	41,430,996	1,259,355	34,745,604

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

Income Statement for the year ended 31 March 2007

	Note	2007 S$	2007 Rs.	2006 S$	2006 Rs.
REVENUE					
Agency income		**267,636**	7,665,095	219,437	6,054,267
Disbursement income		**1,272,057**	36,431,712	876,387	24,179,517
Other income	10	**42,591**	1,219,806	38,755	1,069,251
Total revenue		**1,582,284**	45,316,613	1,134,579	31,303,035
COSTS AND EXPENSES					
Disbursement expenses		**1,032,759**	29,578,218	730,724	20,160,675
Depreciation of plant and equipment	3	**11,747**	336,434	13,057	360,243
Exchange loss		**11,093**	317,704	3,794	104,676
Loss on write off of plant and equipment		**4,832**	138,388	—	—
Staff and related costs		**159,034**	4,554,734	146,581	4,044,170
Operating expenses	11	**85,058**	2,436,061	81,770	2,256,035
Total costs and expenses		**1,304,523**	37,361,539	975,926	26,925,799
PROFIT BEFORE TAXATION	12	**277,761**	7,955,074	158,653	4,377,236
TAXATION	13	**(30,503)**	(873,606)	(26,000)	(717,340)
PROFIT FOR THE YEAR		**247,258**	7,081,468	132,653	3,659,896

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

Statement of Changes in Equity for the year ended 31 March 2007

	Share Capital	Share Capital	Retained Profits	Retained Profits	Total	Total
	S$	Rs.	S$	Rs.	S$	Rs.
2007						
Balance as at 1 April 2006	500,000	13,075,000	759,355	21,670,604	1,259,355	34,745,604
Foreign translation difference	—	—	—	1,322,324	—	1,322,324
Profit for the year	—	—	247,258	7,081,468	247,258	7,081,468
Dividend paid (Note 14)	—	—	(60,000)	(1,718,400)	(60,000)	(1,718,400)
Balance as at 31 March 2007	500,000	13,075,000	946,613	28,355,996	1,446,613	41,430,996
2006						
Balance as at 1 April 2005	500,000	13,075,000	686,702	18,431,939	1,186,702	31,506,939
Foreign translation difference	—	—	—	1,234,169	—	1,234,169
Profit for the year	—	—	132,653	3,659,896	132,653	3,659,896
Dividend paid (Note 14)	—	—	(60,000)	(1,655,400)	(60,000)	(1,655,400)
Balance as at 31 March 2006	500,000	13,075,000	759,355	21,670,604	1,259,355	34,745,604

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

Cash Flow Statement for the year ended 31 March 2007

	Note	2007	2007	2006	2006
		S$	**Rs.**	S$	Rs.
Cash Flows From Operating Activities					
Profit before taxation		**277,761**	7,955,074	158,653	4,377,236
Adjustments for:					
Depreciation of plant and equipment		**11,747**	336,434	13,057	360,243
Loss on write off of plant and equipment		**4,832**	138,388	—	—
Unrealised exchange loss		**12,139**	347,661	1,614	44,530
Interest income		**(22,521)**	(645,001)	(15,627)	(431,149)
Reversal of trade payables		**(3,799)**	(108,803)	—	—
Cash flows before changes in working capital		**280,159**	8,023,753	157,697	4,350,860
Working capital changes, excluding changes relating to cash:					
Trade receivables		**(182,535)**	(5,227,802)	(4,248)	(117,203)
Other receivables		**(75,684)**	(2,167,590)	9,695	267,485
Trade payables		**(21,945)**	(628,505)	14,430	398,123
Other payables		**10,182**	291,612	(5,025)	(138,639)
Cash generated from operations		**10,177**	291,468	172,549	4,760,626
Income tax paid		**(22,300)**	(638,672)	(37,699)	(1,040,088)
Interest received		**22,521**	645,001	15,627	431,149
Net cash generated from operating activities		**10,398**	297,797	150,477	4,151,687
Cash Flows From Investing Activity					
Purchase of plant and equipment		**—**	—	(827)	(22,817)
Net cash absorbed by investing activity		**—**	—	(827)	(22,817)
Cash Flows From Financing Activity					
Dividend paid		**(60,000)**	(1,718,400)	(60,000)	(1,655,400)
Net cash absorbed by financing activity		**(60,000)**	(1,718,400)	(60,000)	(1,655,400)
Net (decrease)/increase in cash and cash equivalents		**(49,602)**	(1,420,601)	89,650	2,473,470
Unrealised exchange loss on cash and cash equivalents		**(12,139)**	(347,661)	(1,614)	(44,530)
Cash and cash equivalents at the beginning of the year		**1,313,386**	37,615,375	1,225,350	33,807,380
Cash and cash equivalents at the end of the year	4	**1,251,645**	35,847,113	1,313,386	36,236,320

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

Notes to the Financial Statements - 31 March 2007

1. CORPORATE INFORMATION

The Greatship (Singapore) Pte. Ltd. (Company Registration No. 199401313D) is domiciled in Singapore. The company's registered office and principal place of business is at 61 Robinson Road, #09-03 Robinson Centre, Singapore 068893.

The principal activities of the company are those relating to shipping agents and brokers.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements of The Greatship (Singapore) Pte. Ltd. as at 31 March 2007 and for the year then ended were authorised and approved by the Board of Directors for issuance on 16 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial statements expressed in Singapore dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

The audited financial statements of the company, prepared in accordance with the laws of Singapore, the country of incorporation, do not include the Indian Rupee equivalent figures, which have been arrived at by applying the year end interbank exchange rate of S$1 = Rs.28.64 (2006: S$1 = Rs.27.59).

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2005. The adoption of these new and revised FRS and INT FRS have no material effect on the financial statements.

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

(b) Foreign currency translation

The financial statements of the company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in Singapore dollars, which is the functional currency of the company.

In preparing the financial statements of the company, monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(c) Plant and equipment

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

(d) Depreciation of plant and equipment

Depreciation is calculated to write off the cost of plant and equipment by the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

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

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

(e) Cash and cash equivalents

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

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at original effective interest rate. The amount of the allowance is recognised in the income statement.

(g) Trade and other payables

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

(h) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. The following specific recognition criteria must also be met before revenue is recognised.

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

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

(iii) Interest income arising from bank deposits is recognised on time apportion basis.

(i) Income tax

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

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

(j) Impairment of assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Provisions

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

(l) Employee benefits

Defined Contribution Plan

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

Employee leave entitlement

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

(m) Operating lease

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

(n) Share capital

Ordinary shares issued by the company are classified as equity and recorded at the proceeds received, net of direct issue costs.

3. PLANT AND EQUIPMENT

	Computers	Furniture and fittings	Renovation	Office equipment	Total
	S$	S$	S$	S$	S$
2007					
Cost					
At 1 April 2006	11,011	9,039	42,091	12,298	74,439
Write off	(11,011)	(9,039)	(42,091)	(12,298)	(74,439)
At 31 March 2007	—	—	—	—	—
Accumulated depreciation					
At 1 April 2006	10,410	8,890	31,863	6,697	57,860
Charge for the year	458	149	9,440	1,700	11,747
Write off	(10,868)	(9,039)	(41,303)	(8,397)	(69,607)
At 31 March 2007	—	—	—	—	—
Net book value					
At 31 March 2007	—	—	—	—	—
2006					
Cost					
At 1 April 2005	10,631	8,592	42,091	12,298	73,612
Additions	380	447	—	—	827
At 31 March 2006	11,011	9,039	42,091	12,298	74,439
Accumulated depreciation					
At 1 April 2005	8,863	8,519	22,424	4,997	44,803
Charge for the year	1,547	371	9,439	1,700	13,057
At 31 March 2006	10,410	8,890	31,863	6,697	57,860
Net book value					
At 31 March 2006	601	149	10,228	5,601	16,579

	Computers	Furniture and fittings	Renovation	Office equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
2007					
Cost					
At 1 April 2006	303,793	249,386	1,161,291	339,302	2,053,772
Foreign translation difference	11,562	9,491	44,195	12,913	78,161
Write off	(315,355)	(258,877)	(1,205,486)	(352,215)	(2,131,933)
At 31 March 2007	—	—	—	—	—
Accumulated Depreciation					
At 1April 2006	287,212	245,275	879,100	184,770	1,596,357
Charge for the year	13,117	4,267	270,362	48,688	336,434
Foreign translation difference	10,931	9,335	33,456	7,032	60,754
Write off	(311,260)	(258,877)	(1,182,918)	(240,490)	(1,993,545)
At 31 March 2007	—	—	—	—	—
Net book value					
At 31 March 2007	—	—	—	—	—
2006					
At 1 April 2005	282,253	228,118	1,117,516	326,512	1,954,399
Additions	10,484	12,333	—	—	22,817
Foreign translation difference	11,056	8,935	43,775	12,790	76,556
At 31 March 2006	303,793	249,386	1,161,291	339,302	2,053,772
Accumulated Depreciation					
At 1 April 2005	235,313	226,179	595,357	132,671	1,189,520
Charge for the year	42,682	10,236	260,422	46,903	360,243
Foreign translation difference	9,217	8,860	23,321	5,196	46,594
At 31 March 2006	287,212	245,275	879,100	184,770	1,596,357
Net book value					
At 31 March 2006	16,581	4,111	282,191	154,532	457,415

4. CASH AND CASH EQUIVALENTS

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Cash in hand	**88**	2,520	11	303
Cash at bank	**779,333**	22,320,097	849,135	23,427,635
Fixed deposits	**472,224**	13,524,496	464,240	12,808,382
	1,251,645	35,847,113	1,313,386	36,236,320

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

Short-term bank deposits at the balance sheet date have an average maturity of 3 months (2006: 3 months) from the end of the financial year with weighted average effective interest rate of 1.7% (2006: 1.63%).

The company's cash and cash equivalents are denominated in the following currencies:

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Singapore dollars	**1,068,229**	30,594,079	1,123,892	31,008,181
United States dollars	**183,416**	5,253,034	189,494	5,228,139
	1,251,645	35,847,113	1,313,386	36,236,320

5. TRADE RECEIVABLES

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Third parties	**7,768**	222,476	178	4,911
Related company	**—**	—	17,163	473,527
Holding company	**191,593**	5,487,223	—	—
GST recoverable	**1,800**	51,552	1,285	35,453
	201,161	5,761,251	18,626	513,891

Trade receivables are non-interest bearing and credit terms are in accordance with the contract or agreements with the customers.

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition. The trade receivables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair value.

The company's trade receivables are denominated in Singapore dollars.

6. OTHER RECEIVABLES

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Deposits	**98,556**	2,822,644	32,320	891,709
Other debtors	**6,650**	190,456	7,435	205,132
Prepayments	**13,888**	397,752	3,655	100,841
	119,094	3,410,852	43,410	1,197,682

The carrying amounts of other receivables approximate their fair value and are denominated in Singapore dollars.

Deposits include S$40,000 placed as collateral security for crew system.

7. TRADE PAYABLES

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Third parties	**29,348**	840,527	27,566	760,546
Holding company	**—**	—	27,526	759,443
	29,348	840,527	55,092	1,519,989

Trade payables are recognised at their original invoiced amounts which represent their fair value on initial recognition. The trade payables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair value.

The company's trade payables are denominated in Singapore dollars.

8. OTHER PAYABLES

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Accruals	**59,871**	1,714,706	48,387	1,334,998
Other creditors	**1,563**	44,764	2,865	79,045
	61,434	1,759,470	51,252	1,414,043

The carrying amounts of other payables approximate their fair value and are denominated in Singapore dollars.

9. SHARE CAPITAL

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Issued and fully paid				
500,000 ordinary shares	**500,000**	13,075,000	500,000	13,075,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10. OTHER INCOME

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Interest income	**22,521**	645,001	15,627	431,149
Discount received	**16,271**	466,001	19,699	543,496
Reversal of trade payables	**3,799**	108,804	—	—
Unutilised leave provision	**—**	—	3,429	94,606
	42,591	1,219,806	38,755	1,069,251

11. OPERATING EXPENSES

	2007	2007	2006	2006
	S$	**Rs.**	S$	Rs.
Accountancy fees	**8,400**	240,576	8,400	231,756
Office rental – operating lease	**33,097**	947,898	32,518	897,172
Upkeep of motor vehicle	**12,759**	365,418	12,350	340,737
Others	**30,802**	882,169	28,502	786,370
	85,058	2,436,061	81,770	2,256,035

12. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2007	2007	2006	2006
	S$	Rs.	S$	Rs.
Director's fees	**3,500**	100,240	3,500	96,566
Staff CPF contribution	**14,820**	424,445	16,267	448,807

13. TAXATION

	2007	2007	2006	2006
	S$	Rs.	S$	Rs.
Current year provision	**30,503**	873,606	26,000	717,340

The current year's income tax expense varied from the amount of income tax expense determined by applying the applicable Singapore statutory income tax rate of 18% (2006: 20%) to the profit before income tax as a result of the following differences:

	2007	2007	2006	2006
	S$	Rs.	S$	Rs.
Accounting profit	**277,761**	7,955,074	158,653	4,377,236
Income tax expense at applicable rate	**49,997**	1,431,914	31,500	869,085
Exempt income	**(27,450)**	(786,168)	(10,500)	(289,695)
Non-allowable items	**7,142**	204,547	3,500	96,565
Temporary differences	**814**	23,313	1,700	46,903
Others	**—**	—	(200)	(5,518)
	30,503	873,606	26,000	717,340

14. DIVIDENDS

	2007	2007	2006	2006
	S$	Rs.	S$	Rs.
Ordinary dividend paid or proposed:				
Final dividend paid 15 cents per share, net of tax at 20% (2006: 15 cents per share, net of tax at 20%)	**60,000**	1,718,400	60,000	1,655,400

At the forthcoming Annual General Meeting, a final one-tier tax exempt dividend of 12 cents per share amounting to a total of approximately S$ 60,000 is to be recommended. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholder's equity as an appropriation of retained earnings in the year ending 31 March 2008.

15. IMMEDIATE AND ULTIMATE HOLDING COMPANY

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

An entity is considered a related party of the company for the purpose of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the financial and operating decisions of the company or vice versa; or

(ii) it is subject to common control or common significant influence.

During the financial year, the company had transactions with the holding company and other related company on terms agreed between them with respect to the following:

	2007	**2007**	2006	2006
	S$	**Rs.**	S$	Rs.
Holding Company				
Agency fees received/receivable	**243,200**	6,964,543	207,705	5,730,581
Disbursement income received/receivable	**1,257,239**	36,003,666	809,368	22,330,463
Related company				
Agency fees received/receivable	**10,300**	294,992	2,450	67,596
Disbursement income received/receivable	**5,071**	145,227	3,393	93,613
Management fee earned received/receivable	**10,766**	308,277	11,319	321,291

17. OPERATING LEASE COMMITMENTS

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

	2007	**2007**	2006	2006
	S$	**Rs.**	S$	Rs.
Due within one year	**100,537**	2,879,380	32,518	897,172
Due within two to five years	**115,616**	3,311,242	10,839	299,048
	216,153	6,190,622	43,357	1,196,220

The company's lease for office space are under non-cancellable operating lease agreements. The lease typically runs for an initial period of two years.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Liquidity risk

The company has no significant liquidity risk.

b) Foreign currency risk

The company is exposed to a certain degree of foreign exchange risk arising from their transactions denominated in Singapore dollars and United States dollars. However, the company does not use any hedging instruments to protect against the volatility associated with foreign currency transactions, other assets and liabilities created in the normal course of business.

c) Interest rate risk

The company has no significant exposure to market risk for changes in interest rates, except for the fixed deposits as disclosed in Note 4.

d) Credit risk

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

e) Fair values

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

THE GREAT EASTERN CHARTERING LLC (FZC)

A Subsidiary Company

DIRECTORS	Tapas Icot Vijayakumar Suppiah Pillay Michael Brace
SENIOR MANAGENENT	Suchishmita Chatterjee General Manager
REGISTERED OFFICE	Executive Suite Y2-112 P.O. Box 9271 Sharjah U.A.E.
REGISTERED NUMBER	0962
AUDITORS	Behl, Lad & Al Sayegh Chartered Accountants P.O.Box 25709 Dubai United Arab Emirates
BANKERS	ABN AMRO Bank Dubai U.A.E.

Report of the Directors for the year ended March 31, 2007

The Directors present their second report with the financial statements of the Company for the period from April 1, 2006 to March 31, 2007.

FINANCIAL RESULTS

The results for the period for the financial year ended March 31, 2007 and the financial position of the Company are as shown in the annexed financial statements. The profit for the year ended March 31, 2007 was USD 6,994,304/-

BUSINESS

Business activity during the period was focused on inchartering tankers as well as dry bulk vessels and the commercial operation of such inchartered tonnage. The inchartered tonnage included a double hull product tanker and one double hull Aframax tanker for the entire year and some dry bulk carriers for varying periods of time. During the financial year, the company has inchartered 2 modern double hull Suezmax tankers, 1 double hull Aframax tanker, 1 modern Panamax bulk carrier and 2 modern Supramaxes for various periods of time ranging from 8 months to 62 months. Freight derivatives trading activity continued throughout the year with a view to trade in both dry and wet freight derivatives as also to use them as hedging instruments.

The Company was incorporated with an object of inchartering ships. However, considering the growing opportunities in owning and operating offshore related assets and ships, the Company obtained additional service license for providing services to the Shipping, Oil and Gas industry.

DIVIDEND

No dividend was recommended for the year ended March 31, 2007.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors hereby state that:

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

AUDITORS

Behl, Lad and Al Sayegh, Chartered Accountants, U.A.E. were appointed as the auditors of the Company for the year ended March 31, 2007 in place of Pannell Kerr Forster, Chartered Accountants. They are one of the approved audit firms by the Sharjah Airport Free Zone Authorities.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTOR
Dated: April 12, 2007.

Auditor's report to the shareholders of The Great Eastern Chartering L.L.C. (FZC)

We have examined the accompaning financial statements of **THE GREAT EASTERN CHARTERING L.L.C. (FZC) (**the **Company)** for the year ended 31 March 2007, and other reconciliations and information {all collectively referred to as the "**Fit For Consolidation" (FFC) Accounts**}. These FFC Accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these FFC Accounts based on our audit.

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

As requested by the directors of the company and solely for the purpose of expressing an audit opinion on the consolidated financial statements of **THE GREAT EASTERN SHIPPING CO. LTD., INDIA,** we report that the attached FFC Accounts are properly derived, in accordance with the instructions referred to above, from the Statutory Accounts of **THE GREAT EASTERN CHARTERING L.L.C. (FZC)** audited by us for the year ended 31 March 2007.

BEHL, LAD & AL SAYEGH
Dubai, United Arab Emirates
12 April 2007

Balance Sheet as at March 31, 2007

	Note	31 March 2007 USD	31 March 2007 INR	31 March 2006 USD	31 March 2006 INR
NON-CURRENT ASSETS					
Property and equipment	3	**174**	**7,897**	283	12,628
CURRENT ASSETS					
Inventories	4	**429,470**	**18,596,051**	746,481	33,307,982
Receivables and prepayments	5	**4,336,584**	**187,774,087**	2,054,028	91,650,730
Due from a related party	6	**14,319**	**620,013**	5,024	224,171
Cash and cash equivalents	7	**7,292,305**	**315,756,806**	3,506,153	156,444,547
Other current financial assets	8	**2,400,989**	**104,202,923**	150,150	6,699,693
		14,473,667	**626,949,880**	6,461,836	288,327,123
TOTAL ASSETS		**14,473,841**	**626,957,777**	6,462,119	288,339,751
CURRENT LIABILITIES					
Trade and other payables	9	**1,944,472**	**84,195,637**	887,888	39,617,563
Dues to related parties	6	—	—	39,166	1,747,587
		1,944,472	**84,195,637**	927,054	41,365,150
SHAREHOLDERS' FUNDS					
Share capital	10	**40,869**	**1,773,715**	40,869	1,823,575
Retained earnings		**8,488,500**	**367,788,425**	1,494,196	66,671,026
Equity funds		**8,529,369**	**369,562,140**	1,535,065	68,494,601
Loan from Parent company	11	**4,000,000**	**173,200,000**	4,000,000	178,480,000
		12,529,369	**542,762,140**	5,535,065	246,974,601
TOTAL EQUITY AND LIABILITIES		**14,473,841**	**626,957,777**	6,462,119	288,339,751

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

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgements underlying them. We confirm that we have made available all relevant accounting records and information for compiliation.

Approved by the Directors on 12 April 2007.

For THE GREAT EASTERN CHARTERING LLC (FZC)

Director

Income Statement year ended March 31, 2007

	Note	**31 March 2007 USD**	**31 March 2007 INR**	31 March 2006 USD	31 March 2006 INR
REVENUE	12	**30,951,834**	**1,400,880,006**	19,329,833	855,151,812
Direct expenses	13	**(26,404,304)**	**(1,195,058,799)**	(18,120,215)	(801,638,312)
GROSS PROFIT		**4,547,530**	**205,821,207**	1,209,618	53,513,500
Other operating income (net)	14	**2,840,024**	**128,539,485**	75,868	3,545,459
Depreciation	3	**(109)**	**(4,731)**	(44)	(1,963)
Other operating expenses	15	**(284,851)**	**(26,514,438)**	(669,778)	(29,630,979)
PROFIT FROM OPERATING ACTIVITIES		**7,102,594**	**307,841,523**	615,664	27,426,017
Interest income on bank deposits		**94,488**	**4,276,527**	15,979	706,911
Finance costs	16	**(202,778)**	**(9,177,732)**	(134,166)	(5,935,504)
PROFIT FOR THE YEAR		**6,994,304**	**302,940,318**	497,477	22,197,424

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

Statement of Changes in equity as at March 31, 2007

	Share capital		**Retained earnings**		**Total**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**
As at 31 March 2005	40,869	1,773,715	996,719	43,257,605	1,037,588	45,031,320
Profit for the year	—	—	497,477	21,590,502	497,477	21,590,502
As at 31 March 2006	40,869	1,773,715	1,494,196	64,848,107	1,535,065	66,621,822
Profit for the year	—	—	6,994,304	302,940,318	6,994,304	302,940,318
As at 31 March 2007	**40,869**	**1,773,715**	**8,488,500**	**367,788,425**	**8,529,369**	**369,562,140**

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

Cash flow statement year ended March 31, 2007

	Note	31 March 2007 USD	31 March 2007 INR	31 March 2006 USD	31 March 2006 INR
Cash flows from operating activities					
Profit for the year		**6,994,304**	**302,940,318**	497,477	22,197,424
Adjustments for:					
Depreciation of property and equipment	3	**109**	**4,731**	44	1,963
Interest income		**(94,488)**	**(4,276,527)**	(15,979)	(706,911)
Foreign exchange		**—**	**1,573,103**	—	1,155,806
Operating profit before changes in operating assets and liabilities		**6,899,925**	**300,241,625**	481,542	22,648,282
Decrease/(increase) in inventories		**317,011**	**14,347,918**	(746,481)	(33,024,319)
Increase in receivables and prepayments		**(2,282,556)**	**(103,308,485)**	(1,039,686)	(45,995,709)
Increase in other current financial asset		**(2,250,839)**	**(101,872,973)**	(150,150)	(6,642,636)
Increase in trade and other payables		**1,056,584**	**47,820,992**	885,572	39,177,705
Receipts from related parties (net)		**154,317**	**6,984,387**	168,308	7,445,946
Net cash from/(used in) operating activites (A)		**3,894,442**	**164,213,464**	(400,895)	(16,390,731)
Cash flows from investing activities					
Purchase of property and equipment		**(16,662,571)**	**(754,147,963)**	(327)	(14,466)
Proceeds from disposal of property and equipment		**16,662,571**	**754,147,963**	—	—
Interest received		**94,488**	**4,276,527**	15,979	706,911
Net cash from investing activities (B)		**94,488**	**4,276,527**	15,652	692,445
Cash flows from financing activities					
Working capital loan received from Parent company		**—**	**—**	4,000,000	176,960,000
Term loan received from Parent company		**17,000,000**	**769,420,000**	—	—
Repayment of term loan taken from Parent company		**(17,000,000)**	**(769,420,000)**	—	—
Payments to related parties		**(202,778)**	**(9,177,732)**	(134,166)	(5,935,504)
Net cash from financing activities (C)		**(202,778)**	**(9,177,732)**	3,865,834	171,024,496
Net increase in cash and cash equivalents (A+B+C)		**3,786,152**	**159,312,259**	3,480,591	155,326,210
Cash and cash equivalents at beginning of the year		**3,506,153**	**156,444,547**	25,562	1,118,337
Cash and cash equivalents at end of the year	7	**7,292,305**	**315,756,806**	3,506,153	156,444,547

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

Notes to the Financial Statements year ended March 31, 2007

1. **LEGAL STATUS AND BUSINESS ACTIVITY**
   a) **THE GREAT EASTERN CHARTERING LLC (FZC)** is a limited liability company incorporated on 1 November 2004 in the Sharjah Airport International Free Zone pursuant to Law No. 2 of 1995 of H. H. Sheikh Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah. The registered office of the Company is at P.O. Box 9271, Sharjah, UAE.
   b) The Parent company is The Great Eastern Shipping Co. Ltd., India.
   c) The Company's principal activity is chartering of ships.

2. **SIGNIFICANT ACCOUNTING POLICIES**
   a) **Basis of preparation**

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

   The figures have been rounded off to the nearest US Dollars.

   b) The significant accounting policies adopted and which have been consistently applied, are as follows:

   i) **Revenue**

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

   ii) **Leases**

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

   iii) **Foreign currency transactions**

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

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

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

   iv) **Property and equipment**

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

   v) **Inventories**

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

   vi) **Provisions and accruals**

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

   vii) **Cash and cash equivalents**

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

   viii) **Derivative financial instruments**

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

   ix) **Financial instruments**

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

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

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

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

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

   x) **Significant judgments and key assumptions**

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

   Impairment

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

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

   Carrying values of property and equipment

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

   Doubtful debt provisions

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

   Impairment

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

3. PROPERTY AND EQUIPMENT

	Rig under construction		Furniture, fixtures and office equipment		Total	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**
Net book values						
As at 31 March 2006						
Cost	—	—	327	14,591	327	14,591
Accumulated depreciation	—	—	(44)	(1,963)	(44)	(1,963)
Net book value	—	—	283	12,628	283	12,628
As at 31 March 2007						
Cost	—	—	327	14,192	327	14,192
Accumulated depreciation	—	—	(153)	(6,640)	(153)	(6,640)
Net book value	**—**	**—**	**174**	**7,552**	174	7,552
Reconciliation of net book values						
Additions during the period	—	—	327	14,591	327	14,591
Depreciation for the period	—	—	(44)	(1,963)	(44)	(1,963)
As at 31 March 2006	—	—	283	12,628	283	12,628
Additions during the year	16,662,571	723,155,581	—	—	16,662,571	723,155,581
Disposal during the year	(16,662,571)	(723,155,581)	—	—	(16,662,571)	(723,155,581)
Depreciation for the year	—	—	(109)	(4,731)	(109)	(4,731)
As at 31 March 2007	**—**	**—**	**174**	**7,897**	**174**	**7,897**

	2007 USD	**2007 INR**	2006 USD	2006 INR
4. INVENTORIES				
Bunker inventories	**429,470**	**18,596,051**	746,481	33,307,982
5. RECEIVABLES AND PREPAYMENTS				
Trade receivables	**3,823,493**	**165,557,247**	1,400,067	62,470,990
Voyage in progress	**29,810**	**1,290,773**	466,571	20,818,398
Prepaid charter hire	**474,098**	**20,528,443**	123,374	5,504,948
Other prepayments	**8,144**	**352,635**	7,622	340,094
Advance	**85**	**3,681**	55,440	2,473,733
Deposit	**954**	**41,308**	954	42,567
	4,336,584	**187,774,087**	2,054,028	91,650,730

6. RELATED PARTIES

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

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

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

	Parent company				Fellow subsidiaries				Total			
	31 March 2007 USD	**31 March 2007 INR**	31 March 2006 USD	31 March 2006 INR	**31 March 2007 USD**	**31 March 2007 INR**	31 March 2006 USD	31 March 2006 INR	**31 March 2007 USD**	**31 March 2007 INR**	31 March 2006 USD	31 March 2006 INR
Disclosed as due from a related party	**14,319**	**620,013**	—	—	—	—	5,024	224,171	**14,319**	**620,013**	5,024	224,171
Disclosed as due to related party	—	—	28,496	1,271,492	—	—	10,670	476,095	—	—	39,166	1,747,587
Included in other payables	—	—	—	—	—	—	28,425	1,268,324	—	—	28,425	1,268,324
Disclosed as loan from Parent company	**4,000,000**	**173,200,000**	4,000,000	178,480,000	—	—	—	—	**4,000,000**	**173,200,000**	4,000,000	178,480,000

All the balances are unsecured and are expected to be settled in cash. Repayment terms in respect of loan from Parent company are set to in Note 11.

	31 March 2007 USD	**31 March 2007 INR**	31 March 2006 USD	31 March 2006 INR
Significant transactions with related parties during the year were as follows:				
Term loan taken from Parent company	**17,000,000**	**769,420,000**	—	—
Repayment of term loan taken from Parent company	**17,000,000**	**769,420,000**	—	—
Working capital loan taken from Parent company	**—**	**—**	4,000,000	176,960,000
Sale of rig	**16,662,571**	**754,147,963**	—	—
Freight and demurrage income	**1,375,868**	**62,271,786**	—	—
Charter hire expenses	**—**	**—**	376,093	16,638,354
Interest expense	**202,778**	**9,177,732**	134,166	5,935,504
Reimbursement of expenses	**103,047**	**4,663,907**	63,658	2,816,231
Commercial management fees	**7,000**	**316,820**	7,000	309,680

The Company receives funds from the Parent company as working capital facilities at fixed commercial rates of interest.

7. CASH AND CASH EQUIVALENTS

Bank balances:				
Current accounts	**5,197,817**	**225,065,476**	3,506,153	156,444,547
Term deposits	**2,094,488**	**90,691,330**	—	—
	7,292,305	**315,756,806**	3,506,153	156,444,547

8. OTHER CURRENT FINANCIAL ASSETS

The amount of USD 2,400,989 (previous year: USD 150,150) represents the amounts receivable on 'held-for-trading' derivative financial instruments as at the balance sheet date.

9. TRADE AND OTHER PAYABLES

Trade payables	**1,320,774**	**57,189,514**	726,662	32,423,658
Accrued expenses	**612,938**	**26,540,215**	132,801	5,925,581
Other payables	**10,760**	**465,908**	28,425	1,268,324
	1,944,472	**84,195,637**	887,888	39,617,563

	31 March 2007 USD	31 March 2007 INR	31 March 2006 USD	31 March 2006 INR
10. SHARE CAPITAL				
Authorised, issued and paid up:				
1500 shares of AED 100 each	**40,869**	**1,769,628**	40,869	1,823,575

(Translated into US Dollars at the fixed exchange rate of USD 1 = AED 3.6703)

11. LOAN FROM RELATED PARTY	**4,000,000**	**173,200,000**	4,000,000	178,480,000

These represents long term loan received from the Parent company with no fixed repayment schedule. The loan carries interest @ 5% per annum.

12. REVENUE				
Freight income	**21,430,355**	**969,937,867**	14,947,137	661,261,341
Charter hire income	**7,824,094**	**354,118,494**	3,020,381	133,621,655
Demurrage income	**1,697,385**	**76,823,645**	1,362,315	60,268,816
	30,951,834	**1,400,880,006**	19,329,833	855,151,812
13. DIRECT EXPENSES				
Charter hire expenses	**18,114,068**	**819,842,718**	13,502,016	597,329,188
Bunker consumed	**5,514,363**	**249,580,069**	2,820,658	124,785,910
Freight expenses	**280,140**	**12,679,136**	—	—
Demurrage expenses	**45,011**	**2,037,198**	—	—
Other direct expenses	**2,450,722**	**110,919,678**	1,797,541	79,523,214
	26,404,304	**1,195,058,799**	18,120,215	801,638,312
14. OTHER OPERATING INCOME (NET)				
Profit on trading of derivative financial instruments	**1,466,409**	**66,369,671**	144,511	6,393,166
Less: Changes in the fair value of 'held-for-trading' contracts	**(109,556)**	**(4,958,505)**	(68,643)	(3,036,766)
	1,356,853	**61,411,166**	75,868	3,356,400
Other income	**1,483,171**	**67,128,319**	—	—
Foreign Currency Translation Gain	**—**	**—**	—	189,059
	2,840,024	**128,539,485**	75,868	3,545,459
15. OTHER OPERATING EXPENSES				
Rent	**8,301**	**375,703**	8,171	361,485
Other expenses	**276,550**	**12,516,653**	661,607	29,269,494
Foreign Currency Translation Loss	**—**	**13,622,082**	—	—
	284,851	**26,514,438**	669,778	29,630,979
16. FINANCE COSTS				
On loans from Parent company/fellow subsidiary	**202,778**	**9,177,732**	134,166	5,935,504

17. FINANCIAL INSTRUMENTS

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

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

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

In order to minimize currency risk exposure, the Company normally buys and sells services in US Dollars.

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

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the company to concentrations of credit risk comprise principally bank accounts, trade and other receivables and amount due from a related party.

The Company's bank accounts are placed with high credit quality financial institutions.

Amounts due from a related party and trade and other receivables are stated net of the allowance for doubtful recoveries.

At the balance sheet date, 70% of the trade receivables was due from three customers situated in India and engaged in shipping activities (previous year: 81% of trade receivables was due from a customer situated in Europe and engaged in shipping activties).

Interest rate risk

Loan from Parent company is subject to a fixed interest rate of 5% per annum and is therefore exposed to cash flow interest rate risk.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which the US Dollar is fixed.

Fair values

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

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximates their carrying values.

For **THE GREAT EASTERN CHARTRING LLC (FZC)**

DIRECTOR

GREATSHIP (INDIA) LIMITED

A Subsidiary Company

DIRECTORS

Chairman	Bharat K. Sheth
Managing Director	Ravi K. Sheth
Executive Director	P. R. Naware
	Balan Wasudeo K. J. Vesuna
REGISTERED OFFICE	Ocean House 134/A, Dr. Annie Besant Road Worli, Mumbai – 400 018
REGISTRATION NUMBER	IJ 63090 MH 2002 PLC 136326
AUDITORS	Kalyaniwalla & Mistry Chartered Accountants Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai - 400 023
ASST. COMPANY SECRETARY	Amisha G. Shah
WEBSITE	www.greatshipglobal.com

Directors' Report

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Fifth Report, for the period ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Your Company commenced activities as service provider to the Offshore Oil and Gas Industry during the financial year ended March 31, 2007. The Financial Highlights for financial year ended March 31, 2007 are as under:

Particulars	Year Ended March 31, 2007 Rupees	Year Ended March 31, 2006 Rupees
Total Income	216,649,421	—
Total Expenditure	163,289,070	28,120
Depreciation	30,002,438	—
Profit before tax	**23,357,913**	**(28,120)**
Less: Provision of tax	3,980,000	—
Excess provision for taxation written back	—	47
Profit for the year after tax	**19,377,913**	**(28,073)**
Less: Transfer to Tonnage Tax Reserve Account Under section 115VT of the Income-tax Act, 1961	3,500,000	—
	15,877,913	(28,073)
Balance brought forward from previous year	(53,601)	(25,528)
Balance carried forward	**15,824,312**	**(53,601)**

TONNAGE TAX

Your Company has opted to subject itself to the Tonnage Tax regime.

DIVIDEND

The Directors do not recommend any dividend for the year as the Company is in a very early stage of its growth and requires funds for its business activities and expansion.

SHARE CAPITAL

During the year under review the authorised share capital of the Company was increased from Rs. 1,00,00,000/- (Rupees One Crore) to Rs. 26,50,00,000/- (Rupees Twenty Six Crores Fifty Lakhs) by approval of the members at the Annual General Meeting of the Company held on September 18, 2006. The members also gave their approval for the issue of 2,55,00,000 equity shares on preferential basis to the parent company The Great Eastern Shipping Co. Ltd. Consequent to the approval of the members, 2,55,00,000 equity shares were allotted to The Great Eastern Shipping Co. Ltd. on November 7, 2006.

The authorized share capital of the Company was further increased from Rs. 26,50,00,000/- (Rupees Twenty Six Crores Fifty Lakhs) to Rs. 31,50,00,000/- (Rupees Thirty One Crores Fifty Lakhs) with consent of the members at the Extra Ordinary General Meeting of the Company held on March 27, 2007.

The shareholders have approved issue of employee stock options under one or more Employee Stock Options Schemes as may be decided by the Board of Directors. They have also given their consent to make preferential offer of equity shares at a future date to all the employees of the parent company The Great Eastern Shipping Co. Ltd., particulars of which would be decided by the Board of Directors. Increase in capital due to employee stock options and the preferential allotment shall not exceed 5% of the total capital of the Company.

BUSINESS

GLOBAL DEVELOPMENTS

During the past year, the crude oil prices varied within a fairly wide range of US$ 50 - US$ 78 (WTI Crude), but still at very high levels historically. In line with high prices, E&P investments have risen substantially, and furthermore, geographically spread more widely than in the past.

The total number of Mobile Offshore Drilling Units (MODUs) has increased from 651 last year to 660 this year. Rig utilization is above 90%. It seems anomalous that, with high crude oil prices and increased investments in exploration, the number of rigs has remained relatively stagnant. This is primarily because of the gestation period between placing construction orders and actually delivering the rigs, which ranges between 22 – 36 months. The current calendar year will see about 20 MODUs delivered, and 2008 and 2009 will see the fleet increase by a further 40 – 45 each year.

Increased activity in the Middle East and Far East saw quite a few rigs being mobilised from the US Gulf of Mexico.

The offshore vessel market enjoyed the best year in its history. Regional imbalances, increased demand from new markets and limited deliveries of new builds caused day rates to touch new peaks, across the vessel spectrum.

Marine construction, seismic surveys, geo-technical surveys, pipe laying – all these sectors saw a sharp increase in activity and day rates during the year.

DOMESTIC DEVELOPMENTS

The Indian markets were extremely active this year, for both MODUs and offshore vessels. Several tenders were floated for both classes of assets, but some tenders could not attract any response due to non-availability of suitable assets.

The Director General of Hydrocarbons successfully concluded NELP VI, offering 55 blocks, of which 30 are offshore blocks. Successful bidders include ONGC, Reliance, Cambay, BG, IOC, etc.

This year was one of unparalleled growth for the Indian OSV industry, as the expectation of greater demand in India led

Indian operators to expand their fleets significantly. Seeing the shortage in drilling units, Indian operators also placed orders for several new-building jack-up rigs.

OUTLOOK

The offshore oilfield services market is expected to continue to grow steadily and even rapidly, both globally and in India.

The current and expected price of crude oil, an increasing number of new entrants, increased activity in existing fields and continuously improving new technology are likely to contribute to keeping markets buoyant in this year and in the coming years.

Though the order books for MODUs and supply vessels seem quite high at first glance, it is expected that a large part of the new assets will go into replacing existing old assets which are unable to meet the requirements of E & P operators.

FLEET

Your Company took delivery of its first vessel, the Platform Supply Vessel (PSV) Greatship Disha, in August 2006. The vessel operated for about 3 months on the spot market in the North Sea, and is currently operating in Egypt with BP/EDT. The Company was also successful in obtaining a five-year contract for this vessel with ONGC, to begin in Q1 of FY 07-08.

Your Company's second vessel, another PSV named Greatship Diya, joined the Company's fleet after the end of the financial year, in April 2007 and she has been committed for a long term charter.

EXPANSION DURING THE YEAR

During the year, the Company committed to the purchase of three second-hand PSVs of which as mentioned above the delivery of two vessels were taken. The Company placed newbuilding orders for 2 more PSVs and 6 newbuilding Anchor Handling Towing cum Supply Vessels (AHTSVs).

DIRECTORS

With effect from November 7, 2006, Mr. Ravi K. Sheth was appointed as Managing Director of the Company and Mr. P.R. Naware as the Executive Director of the Company. The terms of appointment of Mr. Ravi K. Sheth are contained in Agreement executed between him and the Company. Mr. K.J. Vesuna was appointed as the additional director of the Company w.e.f. November 7, 2006 to hold office upto the conclusion of the ensuing Annual General Meeting of the Company.

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

SUBSIDIARY COMPANIES

Greatship Global Energy Services Pte. Ltd. (GGES) was incorporated as the wholly owned subsidiary (WOS) of the Company on October 23, 2006 at Singapore. The paid up share capital of the Company as on March 31, 2007 is USD 18.06 mn. The Company has been incorporated with an object to provide offshore oilfield services. Currently, the Company has a contract with Keppel Fels Ltd., Singapore for construction of one 350 ft. KFELS B Class Mobile Offshore Self-Elevating Drilling Unit.

Greatship Holdings B.V. (GHBV) was incorporated as the wholly owned subsidiary of the Company on November 22, 2006 at Netherlands. This WOS will act as the international holding company to hold the investments of the Company. The subscribed capital of the Company is EUR 18,000/-.

The first year of GGES will close in March 2008. However, the accounts for the limited purpose of consolidation have been made for a period from October 23, 2006 to March 31, 2007. The audited statements of accounts along with the Board of Directors Report of GHBV for the year ended March 31, 2007 are annexed.

ARTICLES OF ASSOCIATION

A new set of Articles of Association of the Company was approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association of the Company w.e.f. March 27, 2007.

CONSOLIDATED FINANCIAL STATEMENTS

As the Company is not listed there is no mandatory requirement to prepare consolidated financial statements. However, as a good corporate governance practice consolidated financial statements are prepared which present the financial information about the Company and its two subsidiaries.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place adequate control systems commensurate with the nature of its business and the size of its operations. Given the size of operations during the year under review, there was no requirement for internal audit. For the financial year commencing 1st April 2007, internal audit covering the key business processes of the company will be carried out by a firm of external Chartered Accountants.

In accordance with section 292A of the Companies Act, 1956, Audit Committee was constituted on January 23, 2007, which comprises of one whole-time Director and two other Directors.

HUMAN RESOURCES

Your Company enjoyed productive and cordial relations with the highly committed vessel and shore based staff during the year. There is an acute shortage of qualified and skilled manpower to man the offshore assets, which your Company has been able to overcome. Attempts are being made to ensure that this does not become a hindrance to the operations and growth of the Company in the future.

AUDITORS

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

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

In terms of the Notification No. GSR 1029 dated 31.12.1988, Company is required to furnish information under Clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956. The information to be furnished in Form A is not applicable to the shipping industry. The Company, being a shipping company, has no particulars to furnish in Form B as regards technology absorption.

The details of Foreign Exchange Earnings and Outgo are:

a) Foreign Exchange earned and saved (on account of charter hire earnings) Rs. 1923.26 lakhs

b) Foreign Exchange used (including operating expenses, capital repayment, down payment for acquisition of assets, interest payment) Rs. 16367.46 lakhs

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT: –

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

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

APPRECIATION

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

Your Directors are grateful to the Government of India, Ministry of Shipping, Ministry of Petroleum & Natural Gas, Ministry of Finance, Directorate General of Shipping, Directorate General of Hydrocarbons, ONGC Ltd., RIL, GSPC, British Gas, EDT Offshore Egypt, and various other authorities/companies for their co-operation. Your Directors look forward to their continued support.

For and on behalf of the Board of Directors

Bharat K. Sheth
Chairman

Mumbai, May 2, 2007.

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

1) We have audited the attached Balance Sheet of Greatship (India) Ltd. as at March 31, 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 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; and
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date
      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) On the basis of the written representations received from the Directors of the Company as on March 31, 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 2, 2007

Annexure to the Auditor's Report

Referred to in Paragraph 3 of our report of even date on the accounts of Greatship (India) Ltd. for the year ended March 31, 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) No fixed assets are disposed off 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 physical verification of inventory are reasonable and adequate in relation to the size of the Company.

   (c) In our opinion, the Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventories as compared to the book records.

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

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

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets, and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.

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

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 lakh in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

7. The Company's paid-up capital and reserves as at the commencement of the financial year did not exceed fifty lakh rupees and the Company's average annual turnover did not exceed five crore rupees for a period of three preceding financial years.

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 the books and records as produced and examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including 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, where applicable.

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

10. The Company has not been registered for a period exceeding five years and did not have any accumulated losses as at the end of the 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 or advances on the basis of security by way of pledge of shares, debentures or other securities.

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

14. In our opinion, the Company has maintained proper records of the transactions and contracts of 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 the register maintained under section 301 of the Act.

19. The Company has not issued any debentures.

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

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Membership No: 32083

Place : Mumbai
Date: May 2, 2007

Balance Sheet as at March 31, 2007.

SOURCES OF FUNDS :	Schedule	Rs.	Current Year Rs.	Previous Year Rs.
Shareholders' Funds :				
Share Capital	1		**265,000,000**	500,000
Reserves & Surplus	2		**2,314,324,312**	-
			2,579,324,312	500,000
Loan Funds :				
Secured Loans	3		**640,794,289**	-
			3,220,118,601	500,000
APPLICATION OF FUNDS :				
Fixed Assets :	4			
Gross Block		**911,911,486**		
Less : Depreciation		**30,002,438**		
Net Block		**881,909,048**		
Ships Under Construction		**608,622,618**		
			1,490,531,666	-
Investments :	5		**1,156,009,315**	-
Current Assets, Loans and Advances :				
Sundry Debtors	6	**51,589,497**		-
Cash and bank balances	7	**303,791,320**		486,047
Other current assets	8	**6,322,106**		-
Loans and advances	9	**233,625,620**		-
		595,328,543		486,047
Less :				
Current Liabilities and Provisions :				
Current Liabilities	10	**21,562,301**		39,648
Provisions	11	**188,622**		-
		21,750,923		39,648
Net Current Assets			**573,577,620**	446,399
Profit and Loss Account			**-**	53,601
			3,220,118,601	500,000
Significant Accounting Policies	17			
Notes on Accounts	18			

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 2, 2007.

Amisha G. Shah
Asst. Company Secretary

For and on behalf of the Board

Ravi K. Sheth Managing Director

P.R.Naware Executive Director

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

Particulars	Schedule	Rs.	Current Year Rs.	Previous Year Rs.
INCOME :				
Income from Operations	12		185,252,515	-
Other Income	13		31,396,906	-
			216,649,421	-
EXPENDITURE :				
Operating Expenses	14	42,245,498		-
Administration & Other Expenses	15	78,268,701		28,120
Interest & Finance Charges	16	42,774,871		-
Depreciation		30,002,438		-
			193,291,508	28,120
Profit before tax			23,357,913	(28,120)
Less : Provision for tax				
- Current tax		3,250,000		-
- Fringe Benefit tax		730,000		-
- Excess provision of previous year written back		-		(47)
			3,980,000	(47)
Profit for the year after tax			19,377,913	(28,073)
Less : Transfer to Tonnage Tax Reserve Account under section 11VT of the Income-tax Act, 1961.			3,500,000	-
			15,877,913	(28,073)
Balance brought forward from previous year			(53,601)	(25,528)
Balance Carried Forward			15,824,312	(53,601)
Basic and diluted earnings per share (in Rs.)			1.75	(0.56)
Significant Accounting Policies	17			
Notes on Accounts	18			

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 2, 2007.

Amisha G. Shah
Asst. Company Secretary

For and on behalf of the Board

Ravi K. Sheth Managing Director

P.R.Naware Executive Director

Schedules Annexed to and Forming Part of the Balance Sheet as at March 31, 2007

SCHEDULE "1"

SHARE CAPITAL :

	Current Year Rs.	Previous Year Rs.
AUTHORISED :		
31,500,000 (Previous year 1,000,000)		
Equity shares of Rs. 10 each	**315,000,000**	10,000,000
ISSUED, SUBSCRIBED & PAID UP		
26,500,000 (Previous year 50,000)		
Equity shares of Rs. 10 each	**265,000,000**	500,000
	265,000,000	500,000

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

SCHEDULE "2"

	Current Year Rs.	Previous Year Rs.
RESERVES AND SURPLUS :		
Securities Premium Account		
Premium on equity shares issued during the year	**2,295,000,000**	-
Tonnage Tax Reserve account under section 115VT of the Income Tax Act 1961 :		
Transfer from Profit & Loss Account	**3,500,000**	-
Profit & Loss Account	**15,824,312**	-
	2,314,324,312	-

SCHEDULE "3"
SECURED LOANS

	Current Year Rs.	Previous Year Rs.
Term Loan from Bank (Secured by mortgage of vessel and corporate guarantee of The Great Eastern Shipping Company Limited, the holding company)	**640,794,289**	-
	640,794,289	-

SCHEDULE "4"
FIXED ASSETS

PARTICULARS	COST				DEPRECIATION				NET BLOCK	
	As at 1st April 2006 Rs.	Additions for the year Rs.	Deductions for the year Rs.	As at 31st March 2007 Rs.	Upto 1st April 2006 Rs.	On sales / deductions Rs.	For the year Rs.	Upto 31st March 2007 Rs.	As on 31st March 2007 Rs.	As at 31st March 2006 Rs.
Fleet	-	904,796,858	-	904,796,858	-	-	29,127,022	29,127,022	875,669,836	-
Office Equipments	-	203,205	-	203,205	-	-	48,912	48,912	154,293	-
Computers	-	1,759,706	-	1,759,706	-	-	305,644	305,644	1,454,062	-
Vehicles	-	5,151,717	-	5,151,717	-	-	520,860	520,860	4,630,857	-
Total	-	911,911,486	-	911,911,486	-	-	30,002,438	30,002,438	881,909,048	-
Previous Year - Total	-	-	-	-	-	-	-	-		
Ships under construction									608,622,618	-
									1,490,531,666	-

SCHEDULE "5"
INVESTMENTS

	No. of Units	Current Year Rs.	Previous Year Rs.
a) Long Term Investments (At cost - fully paid)			
Equity shares: Unquoted			
Subsidiaries			
Greatship Holdings B.V. of Euro 100 each	180	1,030,140	-
Greatship Global Energy Services Pte. Ltd.			
of US Dollars 64 each	282,252	809,284,267	-
of US Dollars 1 each	1	44	-
		810,314,451	-
b) Current Investments (At lower of cost and fair value - fully paid)			
Mutual Funds : Unquoted			
Subscribed during the year			
ICICI Prudential Institutional Liquid Plan	8,957,161	89,570,409	-
HDFC Cash Management Fund - Savings Plan	25,556,707	256,124,455	-
		345,694,864	-
		1,156,009,315	-

SCHEDULE "6"
SUNDRY DEBTORS :

	Current Year Rs.	Previous Year Rs.
(Unsecured and considered good)		
Debts outstanding less than six months	51,589,497	-
	51,589,497	-

SCHEDULE "7"
CASH AND BANK BALANCES :

	Current Year Rs.	Previous Year Rs.
(a) Cash on hand	20,575	-
(b) Balances with scheduled banks :		
on current account	2,552,373	486,047
on deposit account	190,000,000	-
	192,552,373	486,047
(c) Balances with other banks : on current account with ABN Amro Bank, London (Maximum Balance Current year Rs. 968,648,373. Previous year NIL)	111,218,372	-
	303,791,320	486,047

SCHEDULE "8"
OTHER CURRENT ASSETS :

	Current Year Rs.	Previous Year Rs.
Interest accrued on deposits	6,322,106	-
	6,322,106	-

SCHEDULE "9"
LOANS AND ADVANCES :

	Current Year Rs.	Previous Year Rs.
(Unsecured - considered good unless otherwise stated)		
(a) Advance to Subsidiaries	230,808	-
(b) Advances recoverable in cash or in kind or for value to be received	749,018	-
(c) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation)	202,454	-
(d) Deposits towards vessel acquisitions	232,443,340	-
	233,625,620	-

SCHEDULE "10"
CURRENT LIABILITIES :

	Current Year Rs.	Previous Year Rs.
(a) Sundry Creditors		
- Dues to small scale industrial undertakings	-	-
- Dues to other creditors	21,436,558	39,648
(b) Other Liabilities	125,743	-
	21,562,301	39,648

SCHEDULE "11"
PROVISIONS :

	Current Year Rs.	Previous Year Rs.
Retirement leave encashment benefit	188,622	-
	188,622	-

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

	Current Year Rs.	Previous Year Rs.
SCHEDULE "12"		
INCOME FROM OPERATIONS :		
Charter Hire	185,252,515	-
	185,252,515	-
SCHEDULE "13"		
OTHER INCOME :		
Dividend		
- on current investment	15,397,230	-
Interest earned (Gross)		
- on term deposits	15,282,301	-
- on call deposits	717,375	-
(Income-tax deducted at source Rs. 20,03,126 Previous year NIL)		
	31,396,906	-
SCHEDULE "14"		
OPERATING EXPENSES :		
Fuel	496,746	-
Port, Light & Canal Dues	85,392	-
Brokerage & Commission	2,971,411	-
Agency fees	662,467	-
Wages, Bonus and Other expenses on Floating Staff	21,138,678	-
Contribution to Provident & Other Funds	37,560	-
Stores	5,646,665	-
Repairs & Maintenance-Fleet	2,572,971	-
Insurance & Protection Club Fees	1,953,699	-
Sundry Operating Expenses	6,679,909	-
	42,245,498	-
SCHEDULE "15"		
ADMINISTRATION & OTHER EXPENSES :		
Staff Expenses :		
Salaries, Allowances & Bonus	40,582,566	-
Contribution to Provident & Other Funds	841,653	-
Staff Welfare Expenses	1,375,839	-
Insurance	359,241	-
Repairs and Maintenance - Others	82,877	-
Travelling Expenses	7,763,804	-
Legal & Professional expenses	12,007,107	-
Auditors' remuneration	297,436	1,684
Filing & Application fees	4,917,071	-
Miscellaneous Expenses	5,384,335	26,436
Loss on foreign currency transactions (net)	4,656,772	-
	78,268,701	28,120

	Current Year Rs.	Previous Year Rs.
SCHEDULE "16"		
INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	47,408,986	-
Other Interest	42,232	-
Finance Charges	18,017,748	-
	65,468,966	-
Less : Pre-delivery interest & finance charges capitalised	(22,694,095)	-
	42,774,871	-

SCHEDULE "17" :

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 valued at cost on first in first out basis..

(f) **Borrowing Costs :**

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

(g) **Revenue recognition** :

Charter hire earnings are recognized on accrual basis.

(h) **Operating expenses** :

(i) Operating expenses and standing charges are charged to revenue on accrual basis

(ii) Stores and spares delivered on board the vessel are charged to revenue.

(i) **Retirement benefits** :

Liability is provided for retirement benefits of superannuation, gratuity and leave encashment in respect of all eligible employees. Contributions under the defined contribution schemes are charged to revenue. The liability in respect of defined benefit schemes like gratuity and leave encashment is provided in the accounts on the basis of actuarial valuations as at the year end.

(j) **Depreciation :**

Depreciation is provided on the straight line method, prorata to the period of use, so as to write off the original cost of the asset over the estimated useful life (as per technical evaluation by the Management at the time of acquisition) 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- Offshore Supply Vessels	Straight line over balance useful life or 5%, whichever is higher	25 to 30 years
Furniture & Fixtures, office Equipment, etc	Straight line	5 years
Computers	Straight line	3 years
Vehicles	Straight line	4 years

(k) **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 recognized in the year in which impairment takes place.

(l) **Foreign Exchange Transactions** :

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the 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 relalised 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.

(m) **Provision for Taxation** :

Tax expense comprises both current and deferred tax.

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

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

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

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

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

Schedule No. 18

NOTES ON ACCOUNTS:

1 **Contingent Liabilities :**

Guarantees given by bank Rs. 1,477,823,209.

2 **Fixed Assets :**

(a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for Rs. 75,88,478,115. (Previous year NIL)

(b) The amount of exchange gain on account of fluctuation of the rupee against foreign currencies, gain or loss on on hedging contracts and cancellation of forward covers relating to liabilities for acquisition of assets deducted from the carrying amount of fixed assets and capital work in progress during the year is Rs. 88,006,083. (Previous Year NIL)

3 **Cash and Bank Balances :**

Balance with scheduled bank on deposit account Rs. 190,000,000 represents the margin deposit placed with the bank, under a lien against the guarantees issued by the said bank.

4 **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.

5 **Auditors Remuneration (including service tax)**

	Current Year Rs.	Previous Year Rs.
- Audit Fees	**224,480**	1,684
- In other Capacity -		
Tax Audit	**56,120**	-
Taxation	**11,224**	-
Certification & other services	**5,612**	-
	297,436	1,684

6 **Particulars of investments Purchased and Sold during the year:**

	No. of Units	**Amount Rs.**
Liquid Funds:		
Templeton India TREASURY MANAGEMENT ACCOUNT Super Institutional Plan - Daily Dividend Reinvestment	251,223	251,286,455
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	23,507,950	250,039,957
Prudential ICICI Institutional Liquid Plan - Super Institutional Daily Dividend	16,499,880	165,000,000
Birla Cash Plus - Instl. Prem. - Daily Dividend - Reinvestment	25,104,288	251,532,412
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	25,180,544	251,883,497

7 **Hedging Contracts**

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

Details	**Current Year Purchase**	**Current Year Sales**	Previous Year Purchase	Previous Year Sales
Total No. of contracts outstanding as on March 31	**13**	**-**	-	-
Foreign Currency Value Cross Currency Sterling Pound to US Dollar	**11,400,000**	**-**	-	-
Cross Currency Norwegian Krones to US Dollar	**139,732,950**	**-**	-	-

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

Amount in equivalent US Dollar	**Current Year**	Previous Year
(I) Loans liabilities and payables	14,821,595	-
(ii) Current Assets	3,751,333	-

8 **Related Party Disclosures:**

(i) List of Related Parties

Parties where control exits :

<u>Holding Company :</u>
The Great Eastern Shipping Company Limited

b) <u>Subsidiary Companies :</u>
Greatship Global Energy Services Pte. Ltd.
Greatship Holdings B.V.

c) <u>Fellow - Subsidiary Companies :</u>
The Great Eastern Chartering LLC - (FZC)
The Great Eastern Shipping Co. (London) Ltd.
The Greatship (Singapore) Pte. Ltd.
Routes Travel Ltd. (upto February 14, 2007)

d) Key Management Personnel :

Mr. Bharat K. Sheth - Chairman
Mr. Ravi K. Sheth - Managing Director
Mr. P.R. Naware - Executive Director

(ii) Transactions with related parties

Nature of transaction	**Holding Company**		**Subsidiary Companies**		**Fellow-Subsidiary Companies**	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Services Received : Routes Travel Limited	-	-	-	-	7,388,312	-
Purchase of Assets	985,187	-	-	-	-	-
Interest Expenses	17,403,415	-	-	-	-	-
Finance received :						
Share Capital	2,559,500,000	-	-	-	-	-
Loan taken & repaid	986,260,000	-	-	-	-	-
Finance provided :						
Equity contribution to :						
Greatship Global Energy Services Pte. Ltd.	-	-	809,284,311	-	-	-
Greatship Holdings B.V.	-		1,030,140	-	-	-
Re-imbursement of Expenses	1,520,139	-	-	-	-	-
Outstanding balance as on 31.03.2007 :						
Receivables : Greatship Global Energy Services Pte. Ltd.	-	-	230,808	-	-	-

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

9 Basic and diluted earnings per share

			Current Year	Previous Year
(a)	Profit for the year after tax	Rs.	19,377,913	(28,073)
(b)	Number of Equity Shares as on April 1, 2006		50,000	50,000
	Number of Equity shares as on March 31, 2007		26,500,000	50,000
	Weighted average number of Equity Shares outstanding during the year		11,049,452	50,000
(c)	Face value of Equity Share	Rs.	10	10
(d)	Basic and diluted earnings per shares	Rs.	1.75	(0.56)

10. Information pursuant to para 4D of part II of Schedule VI of the Companies Act, 1956 has not been given in view of the application made to the Department of Company Affairs for exemption from furnishing the said information in case of Shipping companies and the Company expects to receive the said exemption shortly."

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

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

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX:	**23,357,913**	(28,120)
ADJUSTMENTS FOR :		
Depreciation	**30,002,438**	-
Interest earned	**(15,999,676)**	-
Interest paid	**42,774,871**	-
Dividend received	**(15,397,230)**	-
Foreign exchange	**3,297,125**	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**68,035,441**	(28,120)
ADJUSTMENTS FOR :		
Trade & Other Receivables	**(292,427,797)**	-
Trade payables	**21,712,684**	33,120
CASH GENERATED FROM OPERATIONS :	**(202,679,672)**	5,000
Taxes paid	**(4,182,454)**	-
NET CASH FLOW FROM OPERATING ACTIVITIES :	**(206,862,126)**	5,000
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(1,570,175,069)**	-
Purchase of Investments	**(2,325,751,636)**	-
Sale proceeds of Investments	**1,169,742,321**	-
Interest received	**15,999,676**	-
Dividend received	**15,397,230**	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**(2,694,787,478)**	-
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issuance of Share Capital	**2,559,500,000**	-
Proceeds from long term borrowings	**724,720,779**	-
Repayments of long term borrowings	**(34,285,525)**	-
Interest paid	**(42,774,871)**	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES :	**3,207,160,383**	-
Net increase / (decrease) in cash and cash equivalents :	**305,510,779**	5,000
Cash and cash equivalents as at April 1, 2006	**486,047**	481,047
Cash and cash equivalents as at March 31, 2007 (See note below)	**305,996,826**	486,047
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :	**305,510,779**	5,000
Note:		
Cash and cash equivalents as on	**March 31, 2007**	March 31, 2006
Cash & Cash equivalent as on March 31, 2007	**303,791,320**	486,047
Effect of exchange rate changes [Loss / (gain)]	**2,205,506**	-
Cash and cash equivalents as restated	**305,996,826**	486,047

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

Viraf R. Mehta
Partner
Mumbai, May 2, 2007.

Amisha G. Shah
Asst. Company Secretary

For and on behalf of the Board

Ravi K. Sheth Managing Director

P.R.Naware Executive Director

Statement Pursuant to Section 212 of the Companies Act, 1956

1.	**Name of subsidiary**	**Greatship Global Energy Services Pte Ltd.***	**Greatship Holdings B.V.**
2.	Financial year ended	March 31, 2007	March 31, 2007
3.	Date from which it became a Subsidiary	October 23, 2006	November 22, 2006
4.	Extent of interest of the Holding Company in the capital of the Subsidiary	100%	100%
5.	Net aggregate amount of the Subsidiary's profit less losses not dealt with in the Holding Company's Accounts:		
	(i) Current Year Loss	INR 135,065	INR 580,937
	(ii) Previous year since it became Subsidiary	NIL	NIL
6.	Net aggregate amount of the Subsidiary's profit less losses dealt with in the Holding Company's Accounts:		
	(i) Current Year	-	-
	(ii) Previous year since it became Subsidiary	-	-

* First financial year will close in March 2008

For and on behalf of the Board

Ravi K. Sheth Managing Director

Amisha G. Shah
Asst. Company Secretary

P.R.Naware Executive Director

Mumbai, May 2, 2007.

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details :	
Registration No.	136326
State Code	11
Balance Sheet Date	31-03-2007
II. Capital Raised during the year :	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	264500000
III. Position of Mobilisation and Deployment of Funds :	Amount Rs.
Total Liabilities	3241869524
Total Assets	3241869524
Sources of Funds :	
Paid-up Capital	265000000
Reserves & Surplus	2314324312
Secured Loans	640794289
Unsecured Loans	NIL
Application of Funds :	
Net Fixed Assets	1490531666
Investments	1156009315
Net Current Assets	573557620
Misc. Expenditure	NIL
Accumulated Losses	NIL
IV. Performance of Company :	Amount Rs.
Turnover	216649421
Total Expenditure	193291508
Profit/(Loss) Before Tax	23357913
Profit/(Loss) After Tax	19377913
Earning Per Share (in Rs.)	1.75
Dividend Rate (%)	NIL
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms) :	
Description	Item Code No.
Offshore	N.A.

Greatship Holdings B.V.

A Subsidiary Company

DIRECTORS	R.K. Sheth P.R. Naware M.J. Brace J.P.Boonman H. S. Leijdesdorff
REGISTERED OFFICE	Amsteldijk 166 1097LH Amsterdam The Netherlands
REGISTERED NUMBER	34260456
BANKERS	ABN-AMRO Bank Amsterdam Netherlands

REPORT OF THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2007

The Directors present their first report with the financial statements of the Company for the period from November 22, 2006 to March 31, 2007.

SHARE CAPITAL

The Company was incorporated with a subscribed capital of EUR 18,000/- (180 shares of EUR 100 each) on November 22, 2006.

BUSINESS

The Company was incorporated with a view to act as the international holding company of its parent company Greatship (India) Limited.

FINANCIAL RESULTS

The results for the period from November 22, 2006 to March 31, 2007 and the financial position of the Company are as shown in the annexed financial statements. The Company has not transacted any business during the year. The loss for the year ended March 31, 2007 was Euro 10,063/-.

DIVIDEND

No dividend was recommended for the year ended March 31, 2007.

DIRECTORS

All directors of the Company are Managing Directors together referred to as the Managing Board. Mr. Henry Samuel Leijdesdorff and Mr. Jakob Boonman were appointed as the Managing Directors of the Company w.e.f. January 23, 2007.

AUDITORS

Messrs Kalyaniwalla & Mistry, Chartered Accountants, were appointed as the auditors of the Company for a period from incorporation of the Company to March 31, 2007.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors hereby state that:

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTOR
Dated: May 2, 2007.

Report of the Auditors to the Members of Greatship Holdings B.V.

1) We have audited the attached Balance Sheet of Greatship Holdings B.V. as at March 31, 2007 and the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

c) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Schedule 6 to the accounts.

d) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;

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

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R Mehta
Partner
Membership No: 32083

Place : Mumbai
Date: May 2, 2007

Balance Sheet as at March 31, 2007.

	Schedule	As at 31st March, 2007 Euro	Rs.
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	18,000	1,039,140
		18,000	1,039,140
APPLICATION OF FUNDS :			
Current Assets, Loans and Advances :			
Cash and bank balances	2	18,189	1,050,051
Loans and advances	3	2,588	149,405
		20,777	1,199,456
Less :			
Current Liabilities and Provisions :			
Current Liabilities	4	12,840	741,253
		12,840	741,253
Net Current Assets		7,937	458,203
Profit & Loss A/c		10,063	580,937
		18,000	1,039,140
Notes to the Financial Statements	6		

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 2, 2007.

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R. Naware
Managing Director

Profit and Loss Account for the period ended March 31, 2007

Particulars	Schedule	For the period ended 31st March, 2007 Euro	Rs.
INCOME :			
Income from Operations		—	—
		—	—
EXPENDITURE :			
Administration Expenses	5	10,063	580,937
Loss for the year carried forward		**(10,063)**	**(580,937)**
Notes to the Financial Statements	6		

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 2, 2007.

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R. Naware
Managing Director

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

	Current Year		Previous Year	
	Euro	Rs.	Euro	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX:	(10,063)	(584,459)	-	-
ADJUSTMENTS FOR :				
Depreciation	-	-	-	-
Interest earned	-	-	-	-
Interest paid	-	-	-	-
Dividend received	-	-	-	-
Foreign exchange	-	3,522	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**(10,063)**	**(580,937)**	-	-
ADJUSTMENTS FOR :				
Trade & Other Receivables	(2,588)	(149,405)	-	-
Trade payables	12,840	741,253	-	-
CASH GENERATED FROM OPERATIONS :	**189**	**10,911**	-	-
Tax paid	-	-	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES :	**189**	**10,911**	-	-
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets (Incl Ship U/C)	-	-	-	-
Purchase of Investments	-	-		
Sale proceeds of Investments	-	-	-	-
Interest received	-	-	-	-
Dividend received	-	-	-	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**-**	**-**	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issuance of Share Capital	18,000	1,039,140	-	-
Proceeds from long term borrowings	-	-	-	-
Repayments of long term borrowings	-	-	-	-
Interest paid	-	-	-	-
NET CASH USED IN FINANCING ACTIVITIES :	**18,000**	**1,039,140**	-	-
Net increase / (decrease) in cash and cash equivalents :	**18,189**	**1,050,051**	-	-
Cash and cash equivalents as at April 1, 2006	-	-	-	-
Cash and cash equivalents as at March 31, 2007 (See note below)	18,189	1,050,051	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :	**18,189**	**1,050,051**	-	-

Note:

	March 31, 2007		March 31, 2006	
Cash and cash equivalents as on				
Cash & Cash equivalent as on March 31, 2007	18,189	1,050,051	-	-
Effect of exchange rate changes [Loss / (gain)]	-	-	-	-
Cash and cash equivalents as restated	18,189	1,050,051	-	-

As per our Report attached hereto
For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner
Mumbai, May 2, 2007.

For and on behalf of the Board

Ravi K. Sheth Managing Director

P.R. Naware Managing Director

Schedules Annexed to and Forming Part of the Financial Statements for the period ended 31st March, 2007

	As at 31st March, 2007	
SCHEDULE "1"		
SHARE CAPITAL :	**Euro**	**Rs.**
AUTHORISED :		
900 Equity shares of Euro 100 each	90,000	5,195,880
ISSUED, SUBSCRIBED & PAID UP		
180 Equity shares of Euro 100 each	18,000	1,039,140
	18,000	1,039,140
Note: The entire share capital is held by Greatship (India) Limited, the holding company		
SCHEDULE "2"		
CASH AND BANK BALANCES :		
Balance with ABN Amro Bank - Netherlands on current account (Maximum Balance during the period Euro 18,444)	18,189	1,050,051
	18,189	1,050,051
SCHEDULE "3"		
LOANS AND ADVANCES :		
(Unsecured - considered good unless otherwise stated) Advances recoverable in cash or in kind or for value to be received	2,588	149,405
	2,588	149,405
SCHEDULE "4"		
CURRENT LIABILITIES :		
Sundry Creditors	12,840	741,253
	12,840	741,253
SCHEDULE "5"		
ADMINISTRATION EXPENSES :		
Legal & Professional expenses	8,683	501,270
Filing & Application fees	390	22,515
Miscellaneous Expenses	990	57,153
	10,063	580,938

Schedule - 6

Notes to the financial statements

1 Background

The Company, a corporation with limited liability, having its statutory seat in Amsterdam, The Netherlands, has been incorporated on November 22, 2006 as a wholly owned subsidiary company of Greatship (India) Limited. The principal activity of the Company is the holding of investments in group companies. These being the first financial statements of the Company, from the date of incorporation up to 31st March, 2007 previous year comparatives are not applicable.

2 Basis of presentation

The accompanying financial statements expressed in Euro have been prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles in India and the accounting standards issued by the Institute of Chartered Accountants of India.

3 Significant accounting policies

a Investments

Long Term Investments are stated at historical acquisition cost, less provisions where necessary for any permanent diminution in value.

b Foreign currencies

Assets and liabilities, other than investments and equity, denominated in foreign currencies are translated into Euro at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into Euro at the rates of exchange in effect on the date of the transaction. Resulting exchange differences are accounted for in the profit and loss account.

c Other assets and liabilities

All other assets and liabilities, unless otherwise disclosed, are shown at the value at which they were incurred.

4 Taxation

The Company does not anticipate any liability for taxation in view of the loss incurred during the period.

5 Employees

During the year no persons were employed within the Company.

6 Directors

The Company has five directors who did not receive any remuneration for their activities performed in that capacity.

7 Post Balance Sheet Events

No matters or circumstances of importance have arisen since the end of the financial year which have significant affect or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

8 The audited financial statements of Greatship Holdings B.V. are expressed in Euro, the currency in which the books of account are maintained. The audited financial statements do not include the Indian Rupee equivalent figures which have been arrived at by applying the period end exchange rate of Euro 1 = INRs. 57.732

The Great Eastern
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