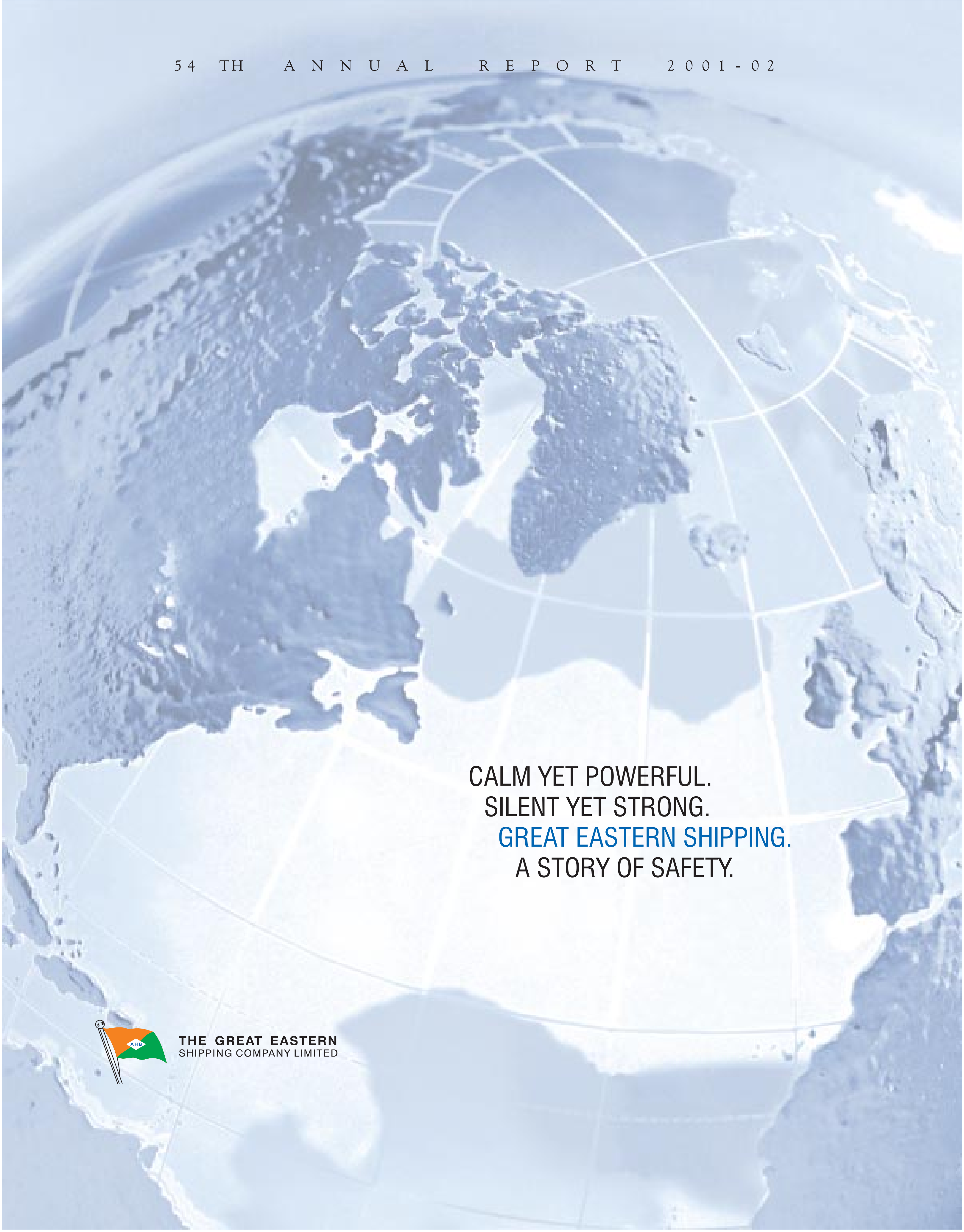
54 TH ANNUAL REPORT 2001-02



CALM YET POWERFUL.
SILENT YET STRONG.
GREAT EASTERN SHIPPING.
A STORY OF SAFETY.

THE GREAT EASTERN
SHIPPING COMPANY LIMITED

THE YEAR AT A GLANCE

In Millions except for Earnings & Cash earnings per share

	March 31, 2002		March 31, 2001	
	Rs.	**US$**	Rs.	US$
For the Year				
Total Revenue	**11,964**	**251**	11,550	252
Operating Profit (PBIDT)	**5,048**	**106**	4,739	103
Profit after tax (PAT)	**2,075**	**44**	1,774	39
PBIDT as a percentage of total revenue	**42.19**	**42.19**	41.03	41.03
Earnings per share	**8.80**	**0.18**	6.90	0.15
Cash earnings per share	**18.32**	**0.38**	14.78	0.32
Dividend amount (including tax on dividend)	**866**	**18**	687	15
Capital Investment	**4,075**	**86**	1,048	23
At the end of the year				
Total assets	**25,098**	**514**	22,665	486
Fixed assets	**18,103**	**371**	16,154	346
Total debt	**9,339**	**191**	8,264	177
Net Worth	**10,663**	**218**	10,705	230
Equity Capital	**2,026**	**42**	2,178	47
Preference Capital	**1,700**	**35**	950	20

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

	Rs. / US$	
Exchange Rate	**2001-2002**	2000-2001
- Closing	**48.80**	46.64
- Average	**47.64**	45.91

54TH ANNUAL REPORT
FOR THE YEAR ENDED MARCH 31, 2002

Board of Directors
K.M.Sheth
Executive Chairman

S.J.Mulji
Executive Deputy Chairman

Vijay K.Sheth
Bharat K.Sheth
Managing Directors

R.N.Sethna
K.P.Byramjee
A.K.Parikh
Asha V.Sheth
Manu Shroff
T.N.Pandey
Directors

Company Secretary
Jayesh M. Trivedi

Auditors
Kalyaniwalla & Mistry
Chandabhoy & Jassoobhoy

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

Offshore Division
Energy House,
81, D.N. Road,
Mumbai 400 001.

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year ended March 31, 2002 saw your Company record the highest ever income and net profit in its history. Year on year, income from operations grew by a modest 5% while profits after tax grew by 17% despite a new provisioning of deferred tax as mandated by statute. This was achieved in a year marked with enormous economic and political uncertainty. Developments throughout the year from September 11, to the Afghan War, OPEC production cuts and the Middle East crisis significantly impacted economic sentiments the world over.

Globally, faltering industrial production coupled with weakening oil demand took a severe toll on freight rates, which declined in the range of 40% to 80% in the tanker segment, settling to levels marginally above their 1999 lows. The offshore industry too, was impacted following sharp volatility in crude oil and natural gas prices and most exploration and production activity was limited to improving yield on existing oilfields. The year, therefore, began with a great deal of optimism, evidenced by strong freight rates and eventually ended rather weak.

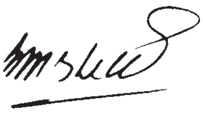
This year's performance is a reflection of the gradual, but systematic restructuring, that your Company has been undertaking over the past few years - both qualitatively and quantitatively. I have discussed some of these initiatives in my earlier statements to you, but today, I stand confident enough to state that on most important parameters, your Company has successfully benchmarked itself to leading global shipping companies. 3 important changes predominantly stand out in the way your Company continues to manage its operations. Focus on its core businesses, a clear deterministic approach to building a global clientele and a relentless attempt to continuously assess market risks and protect the Company's financial ability to ride what is, inherently, a volatile industry.

Safety of life, cargo and environment has always been of paramount importance at GE Shipping. Your Company remains steadfast in maintaining its high quality, safety and service standards at all levels of operations. Proactive safety culture imbibed within the organisation has ensured safety on board vessels and enabled safe passage across all oceans.

I am grateful to those shareholders who have supported us unflinchingly through the years. Your Company's financial restructuring, aimed at improving long term shareholder value, alongwith its dividend distribution policy, has resulted in a total sum of nearly Rs 5980 mn. being paid out to equity shareholders over a 5 year period, through dividends and the Company's ongoing share buyback programme. Throughout this period, your Company maintained its "AAA" rating from CRISIL thereby successfully balancing the desire to continuously reward shareholders with the need for financial prudence to tide over periods of uncertainties. Your management will continue to adhere to this philosophy in all its future decisions.

Looking forward, I foresee yet another year of challenging business environment and here I would like to emphasize that with the continuing support of all constituents, your Company will strive towards achieving high levels of performance and operational excellence, capitalising on available opportunities.

With warm regards,



K M Sheth
Executive Chairman
Mumbai : June 17, 2002.

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your Company are happy to present this Report on the business and operations of your Company together with the statement of accounts for the financial year ended March 31, 2002. Your Company has registered noteworthy performance during the year, recording its highest ever profits. This is especially a commendable performance in a year, which faced challenging business and economic environment. During the year, an optimal mix of spot and period charters spread over intermittent time periods enabled your Company to sustain the shocks of declining freight markets witnessed by the shipping sector world over.

FINANCIAL PERFORMANCE

		2001-02 (Rs. in mn)		2000-01 (Rs. in mn)
Total Income		11963.5		11550.2
Total Expenditure		9435.7		9536.1
Profit before tax		2527.8		2014.1
Less: Provision for tax				
- Current	260.0		240.0	
- Deferred	192.8		—	
		452.80		240.0
Profit for the year after tax		2075.0		1774.1
Less: Extraordinary Items & Prior period adjustments		103.1		8.8
		1971.9		1765.3
Less: Transfer to Reserve under Section 33AC of the Income-tax Act, 1961		1250.0		1400.0
		721.9		365.3
Add: Transferred from -				
- Investment Allowance Reserve	180.0		—	
- Reserve under Section 33AC of the Income-tax Act, 1961	770.0	950.0	—	—
		1671.9		365.3
Add: Surplus brought forward from previous year		1777.2		3851.7
		3449.1		4217.0
Less:				
- Transfer to Capital Redemption Reserve	152.1		410.7	
- Transfer to Debenture Redemption Reserve	117.5		332.5	
- Transfer to General Reserve	764.4		1009.1	
- Interim Dividend on Preference Shares	94.5		22.4	
- Proposed Dividend	761.8		598.9	
- Tax on Dividends	9.6		66.2	
		1899.9		2439.8
Balance Carried Forward		1549.2		1777.2

You will be pleased to note that your Company recorded a total income of Rs.11,963.5 mn. and registered net profits of Rs.2,075 mn. in the year under review as against Rs.1,774.1 mn. in the previous year. The Shipping Division contributed to around 73% of the Company's revenues while the Offshore Division accounted for 21% of the same.

In view of the increased profits, coupled with reduced capital of Rs.2,025.6 mn. for the year ended March 31, 2002, your Directors are pleased to recommend an equity dividend of Rs.4.00 per share for the year 2001-02 as compared to dividend of Rs. 2.75 per share last year. The equity dividend accounts for an overall outflow of Rs.761.8 mn. representing a payout ratio of around 37%.

During the year an interim dividend of 8.5% and 10.5% (pro rata from the date of allottment to March 31, 2002) on Redeemable Preference Shares of Rs.950 mn. and Rs.750 mn. respectively, was declared as per the terms of the issues. On this account, your Company has paid an amount of Rs.104.1 mn. inclusive of dividend tax. As per the terms of the issues no further dividend is payable for the year and the same has to be treated as final dividend.

CAPITAL RESTRUCTURING

During the year under review, your Company commenced its second Buy Back programme through Stock Market Operation and bought back 13.36 mn. of its own equity shares of the face value of Rs.10 for an aggregate amount of Rs.323.8 mn. Additionally, 1.8 mn. shares bought back during the first Buy Back programme were extinguished during the year thereby reducing the paid up equity share capital from Rs.2,177.8 mn. as on March 31, 2001 to Rs.2,025.6 mn. as on March 31, 2002. Under the continuing second Buy back programme, your Company has further bought back and extinguished up to June 14, 2002, 11.41 mn. equity shares thereby further reducing the paidup equity share capital to Rs.1,911.5 mn.

During the year, your Company issued and allotted 10.50% Redeemable Preference Shares of Rs. 750 mn. by private placement. These shares are due for redemption after 48 months from the deemed date of allotment with an option to the Company to redeem them after 30 months.

BUSINESS AND OPERATIONS OF THE COMPANY

The main business of your Company continues to remain shipping and offshore. The performance of each of these businesses has been dealt with segment wise in the following paragraphs.

MANAGEMENT DISCUSSION AND ANALYSIS

SHIPPING DIVISION

TANKER BUSINESS

ECONOMIC INDICATORS

Historically, tanker rates have been following global economic trends. With the demise of the economic boom in the second half of 2001, the tanker freight markets also nosedived. The world oil markets remained volatile during a major portion of FY 01-02, despite efforts by OPEC to maintain prices within the target range of $22-28. In June 2001, Iraq's announcement of a 30 day suspension of its oil-for-food exports acted as a catalyst in the declining tanker market. A slowdown in the US market, which was contagious to the world economy led to lower oil demand.

TRADE ASPECTS

With industrial production and oil demand faltering in most parts of the world, the tanker market could not remain immune to these global economic trends. Cut in OPEC supplies has significantly decreased the tonne mile demand as OPEC supplies are generally long haul. Drop in OPEC output was partly offset by surge of exports from non-OPEC sources. In particular, Former Soviet Union (FSU) exports to

Europe soared as also West African and Latin American exports to North America. Most of the FSU exports were, however, short haul sea borne exports to Western Europe and pipeline supplies to Central Europe. The demand for oil fell, however in tonne mile terms, the fall was much sharper. In early 2002, though Russia's agreement with OPEC limited their sea borne exports, FSU exports in total moved up on a year-on-year basis. The trend in rise of short haul exports is set to impact the tonne-mile demand in oil trade significantly.

Product tanker freight rates saw a modest drop in the first quarter of FY 2001-02. Even in the face of falling demand for products, freight rates held steady due to US imports. While US refineries were operating at near full capacity, increases in the US demand, especially for gasoline due to summer driving season, were fully met by imports. This positively impacted tonne mile demand, which got extended till mid of second quarter. Over the next two quarters the product tanker demand suffered due to the continuing economic slowdown, a warmer than normal winter and the aftermath of the World Trade Center attacks.

FLEET

While the rapidly weakening economy spelled doom for the tanker owners the only silver lining, was that tanker owners began to scrap their old ships en masse.

During the year, Suezmax fleet shrunk by around 3.08% and stood at 40.14 mn. dwt. while Aframax fleet was stagnant at 51.08 mn. dwt. Deliveries of Suezmax shrunk by nearly 17% aggregating 2.65 mn. dwt. at the end of FY 01-02, while those of Aframax shrunk by about 38% during the year aggregating to 1.33 mn. dwt. Suezmax demolitions increased by 65% as compared to the previous year to reach 3.66 mn. dwt. while Aframax registered a still higher jump of 121% with total of 2.2 mn. dwt. of the fleet going out of the market.

FREIGHT RATES

The disadvantageous trade demand and fleet supply situation took a toll on tanker earnings. By late October 2001, crude tanker rates fell back to their pre boom 1999 levels and there was little incentive for charterers to lock in for period charters at rates in excess of spot markets. Tanker rates fell from 40% to 80% across different segments with larger tankers suffering greater decline. Suezmax and Aframax rates fell sharply and the product tanker market also sputtered though the drop was not as severe as that in the crude tanker market. Most product tanker indicators fell back to their early 2000 levels but remained modestly above their 1999 lows.

INDIAN SCENARIO

In most of the 1990s, India imported a large quantity of refined products to keep up with the growing demand. This year with enhanced refining capacity, India turned a net exporter of petroleum products in selected segments.

COMPANY'S PERFORMANCE

Substantial amount of period cover prevented your Company's earnings from dropping to the extent of the spot market drops. While the market sentiment for crude carriers changed from bullish to bearish during FY 01-02 with earnings nose diving, this sharp adverse movement in the crude oil market did not completely mirror in your Company's performance.

Tankers contributed to 79% (previous year 71%) of the Shipping Division's revenues and 92% (previous year 76%) of the profits. In FY 2001-02, average tanker TCYs (crude, product and gas) were around $16,790 per day (previous year $15,798 per day). Crude carriers averaged at around $ 29,139 per day (previous year $25,811 per day) with Product carriers averaging at around $14,206 per day (previous year $13,335 per day).Your Company's sole gas carrier averaged around $17,091 per day (previous year $15,468 per day)

During the year, your Company was awarded its fourth consecutive Contract of Affreightment (COA) with Mangalore Refineries and Petrochemicals Ltd.(MRPL) for transportation of 5 mn. tons of crude. Part of your Company's product tanker fleet continued on coastal trade with the balance fleet trading internationally.

During the year, your Company bought 2 second hand (1996 built) product tankers “Jag Prachi” and “Jag Priya” (aggregating 0.08 mn. dwt). A product carrier, “Jag Pankhi” (1985 built) of 0.05 mn. dwt. was sold and delivered in May 2002. Your Company also sold a new building contract of Aframax of 0.10 mn. dwt. at a profit. The current tanker fleet of 17 vessels with an aggregate of 0.88 mn. dwt. has an average age of 11.23 years.

During the year, your Company placed orders with the Hanjin Heavy Industries & Construction Company Limited, Korea for building 2 product tankers of 0.04 mn. dwt. each scheduled to be delivered by January and April 2003. Your Company also has an outstanding new building contract for 2 Aframaxes aggregating 0.21 mn. dwt. scheduled for delivery in May 2003 and January 2004. This is in line with your Company’s objective of overall fleet modernisation.

OUTLOOK

With OECD demand rising by nearly 2% annually and with a steady annual global economic growth estimated at more than 3%, there seems a case for steady increases in demand for oil. As per projections of International Energy Agency, global oil demand is expected to grow by about 0.42 mn. barrels a day in 2002, up by around 0.5 % over 2001.

As for fleet developments, tanker ordering is expected to stay relatively low over the remaining part of 2002 but deliveries are set to accelerate further in the medium term. Scrapping is also expected to remain relatively high over this period. Hence, although tanker fleet is expected to shrink a bit further over the short term, the fleet is expected to expand rapidly in the medium term. In the medium term, economic considerations will be primarily responsible for tanker scrapping with IMO’s 13 G regulation on double hull tankers playing only a secondary role. As for product tankers, demand is expected to grow modestly over this period. Also, overall ship ordering activity in this segment is expected to remain relatively weak over the medium term.

The dismantling of the three decade old Administered Pricing Mechanism (APM) with effect from April 1, 2002 has been a significant step in the Indian oil sector reform process. With PSU oil companies having freedom to make their own arrangements for transportation of crude and products there could emerge business opportunities for your Company to provide service to such oil companies.

Looking forward, though your Company is significantly hedged against any further downturn in the tanker markets, the lower level of these hedged earnings and the impact of softer markets on remaining open positions may considerably impact tanker profitability for FY 2002-03.

DRY BULK BUSINESS

ECONOMIC INDICATORS

World GDP for the year 2001 grew by 2.4% on a year-on -year basis with the major regions reporting minimal positive growth. EU 1.7%, Russia 4.7%, China 7.5%, USA 1.1% and India 4.5% except Japan which reported a negative growth of 0.4%.

TRADE PATTERNS

2001-02 has been a dismal year for the dry bulk market with rates being directly impacted by the global economic slowdown. The slowdown had an adverse effect on steel production and steel related trades which form a major component of the total drybulk trade.

As per the International Iron and Steel Institute, in 2001 world crude steel production was about 847 million metric tons (down by 0.1% as compared to the previous year) with China, Japan, USA, Russia, Germany and South Korea attributing to around 57% of the production. Steel consumption recorded a modest growth of 1.05% at 768 mn. metric tons of which about 71% was attributable to China, Asia and Europe. Although Chinese demand partially offset reduced Japanese demand in the Far East, a fall in steel production in Europe reduced long haul iron ore shipments from Australia to Europe.

Intra regional shipments of steam coal increased. Trade was affected with US and Canadian shipments into Asia becoming less competitive. China's role in the steam coal market has assumed importance.

The global grain trade remained relatively flat though US exports showed a sharp drop but these were partly offset by South American shipments. Long haul nature of these exports provided a short lived boost to the Panamax and the Handymax sectors in early FY 2001-02. However, into the year the grain trade also dropped significantly as tonne-mile demand reduced for Asian grain imports.

FLEET

The year saw a rapid fleet growth in the Capesize, the Panamax and the Handymax segment. During the year, Capesize deliveries were to the tune of 5.37 mn. dwt., while Panamax, Handymax and Handysize deliveries were 7.59 mn.,4.59 mn. and 17.71 mn. dwt. respectively. Compared to the previous year, the year under review saw Capesize growing by 4.62% at around 91.1 mn. dwt. with Panamax registering a 9% growth at around 72.18 mn. dwt. and Handymax growing by 9% at around 50.14 mn. dwt. with only Handysize shrinking by 2.51% to 75.38 mn. dwt.

FREIGHT RATES

Capesize freight rates, which show a strong correlation with industrial production, fell most steeply. Heavy ordering in 1999 resulted in a 4% growth in fleet which impacted the earnings. Though Panamax and Handymax market continued to suffer from the overall downturn in the dry bulk markets, diversity of cargo in case of Handymax offered some protection from the downward pressure.

COMPANY'S PERFORMANCE

In FY 2001-02, average dry bulk TCYs were around $ 5,153 per day (previous year $ 6,806 per day). Dry bulk carriers contributed to 21% (previous year 29%) of the Shipping Division's revenues and 8% (previous year 24%) of the profits. Your Company's sole Panamax which was acquired during the second quarter of the year averaged around $ 6,266 per day. The Handymax, Handysize and Mini Bulk carriers averaged at around $ 6,561 per day (previous year $ 9,927 per day) , $ 5,254 per day (previous year $ 6,073 per day) and $ 1,301 per day (previous year $ 1,355 per day) respectively. During the year, your company acquired a 1995 built Panamax "Jag Arnav" (0.07 mn. dwt.) and sold 2 Handymax 1976 built "Jag Kanti" and 1984 built "Jag Rahul" and 2 Mini Bulk carriers both 1997 built "GE 1" and "GE 2" aggregating 0.09 mn. dwt. "Jag Radhika" a (1983 built) Handymax of 0.04 mn. dwt. was sold in April 2002. The average age of the current drybulk fleet of 11 vessels, of 0.36 mn. dwt. stands at 17.58 years.

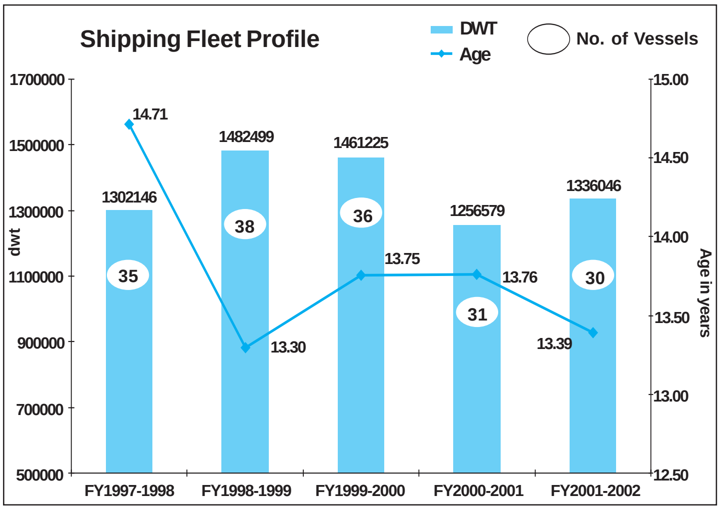
OUTLOOK

Recent macroeconomic indicators have been positive, suggesting improvement in the coming few months. Demand for iron ore and coking coal is expected to pick up in Europe. China's recent steam coal imports could potentially bring about increased tonne-mile trade in the Panamax market. More significant gains are likely over the medium to long term as Panamax demand is expected to rise.

Trade in minor bulk is likely to stagnate during the next year. A significant contraction in the Handysize and Handymax fleet is expected in the medium term which would result in improved prospects for the segment. The recent steel import tariff decision will affect European loaders, but overall Handymax demand should increase in 2002. With significant contraction in the Handysize fleet, if demand picks up in the second half of 2002, freight rates could witness some improvement in this segment too.

RISKS AND CONCERNS OF THE SHIPPING DIVISION

Your Company's current fleet profile needs to adapt to changing requirements of the market. Your Company's fleet is ageing with average age of tankers around 11.23 years and of dry bulk carriers around



17.58 years, which in the light of preference for younger fleet by charterers and adherence to international standards poses few concerns. Your Company has been following a proactive approach towards modernising its fleet profile through sale and purchase of its vessels. During the past 5 years the total tonnage has marginally increased from 1.30 mn. dwt to 1.33 mn. dwt as on March 31,2002. However, the average age of the fleet has substantially decreased from 14.7 years in 1997-98 to 13.3 years as on March 31, 2002.

Your Company has followed a conscious mix of India centric and international trade. While the international trade has helped in leveraging on the modern fleet, the coastal trade has provided cushion in deploying the relatively older assets. Post dismantling of APM the dynamics of the movement of petroleum products in India is expected to undergo a change leading to a drop in utilisation of older tanker tonnage. This would entail your Company's older tankers to seek alternative deployment opportunities.

OFFSHORE DIVISION

The fortunes of this division are inextricably linked to the oil and gas prices. The operating envelope of the offshore oil industry continues to expand both horizontally, away from the coasts, and vertically through the deep rock sections of the seas. The rapid depletion of oil and gas reserves in shallow water blocks has kindled interest in deep water drilling. Technological innovations have enabled seismic and geological studies to be undertaken at depths in excess of 6,000 metres. This has created a new class of sophisticated and technologically advanced drilling rigs and support vessels dedicated to enhance offshore oil and gas efforts in deeper waters.

2001-02, witnessed sharp volatility both in crude oil and its hydrocarbon twin - natural gas prices. The changing economic and political scenario contributed to depressed activity in the offshore oil sector. Oil exploration and production budgets were limited with focus restricted to enhancement of existing oil and gas offshore fields. Saloman Smith Barney's Annual E & P spending Survey for 2002 suggests that spending outside of N. America will increase by about 9.7 % over 2001 levels, but plummet by around 14.7 % within N America. Around 64% of oil expenditure will be outside N America and 36% for N America. The net result will be a worldwide spending decline of 0.5%.

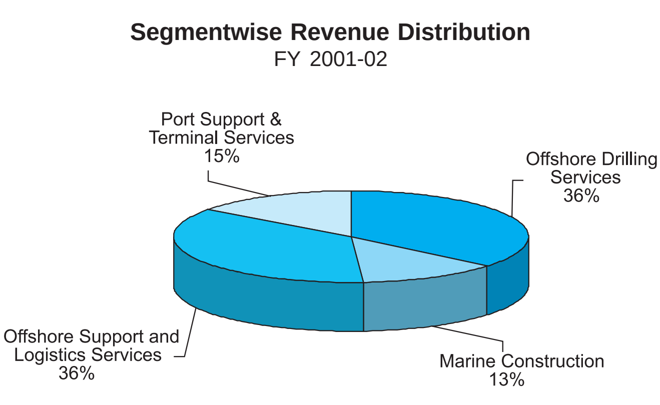
INDIAN SCENARIO

During the year 2000-01, Government awarded 23 blocks under New Exploration Licensing Policy (NELP) II with 8 shallow water, 8 deep water and 7 onshore blocks. The successful bidders were Oil and Natural Gas Corporation Limited (ONGC) with 16 blocks, Reliance Industries Limited (RIL) with 4 blocks and others with 3 blocks. To further reflect the Government's commitment and continued support to the oil and gas sector, the Government under NELP III has offered 27 blocks of which 11 blocks are onshore, 7 shallow water and 9 deep water with offers closing in mid August 2002.

Other efforts to increase the hydrocarbon production include efforts by ONGC in initiating an enhanced exploration programme. In addition, it is also implementing a booster redevelopment programme to increase productivity and recovery of its existing oil fields: Mumbai High North and Mumbai High South over the coming 4 to 5 years.

COMPANY'S PERFORMANCE

To place the business of the offshore division in perspective, a segmentwise revenue distribution for FY 2001-02 is given.



OFFSHORE DRILLING SERVICES

Whilst the global rig count has marginally edged up; the average utilization rates during the year dropped, given the instability in oil and gas prices. The world wide utilization rate of offshore rigs dipped from 88% levels in Q1 of FY 01-02 to around 80% by the end of FY 01-02. Your Company's rigs witnessed an improved average utilisation of 95% (as against 89% in the previous year) and a higher average day rate which resulted in a superior overall performance.

ONGC continues to be a crucial participant in the offshore oil sector in India. It is slated to invest substantial amounts in improving oil recovery from existing fields over the long term. In order to improve productivity in its various fields including Mumbai High field, ONGC has embarked on various aggressive Enhanced Oil Recovery (EOR) schemes.

The advent of liberalisation within this sector has fostered private sector participants as Exploration & Production (E & P) operators. This has strengthened the future prospects of offshore activities. Stability in oil and gas prices and an improving world economy could attract higher capital investment in E & P activities worldwide. Among the new players, RIL has commenced exploration on its deep water blocks in the east coast of India.

A noteworthy achievement of your Company's Drill Barge "Badrinath" was the fact that the rig assisted in drilling the longest lateral well for Hardy Exploration & Production (India) Inc. The 4-well programme was the first of its kind where for the first time an operator tried to revive and improve the production of a subsea oil field. Currently, the rig is idling at Chennai anchorage since March 13, 2002.

During the year under review, Jackup rig "Kedarnath" continued to be deployed with ONGC. "Kedarnath", after undergoing a refurbishment plan will commence a 2-year charter with ONGC.

MARINE CONSTRUCTION PROJECTS AND SERVICES

During the year, "Gal Constructor" completed ahead of time ONGC's turnkey project of installation of Clamp-on structures on 4 platforms in the Neelam Field. Subsequently, the vessel was chartered on various projects in the Mumbai High field. The annual utilisation ratio of the Company's Hook-up Barge, "Gal Constructor", during the year was 55% (as against 85% in the previous year)

Competition in this segment is increasing with Indian and foreign flag vessels of varying capacities offering a wider choice to the charterers. Nevertheless, "Gal Constructor's" proven capability and unique characteristics have created a niche for itself in the market. Your Company has been continuously upgrading and refurbishing the "Gal Constructor" which is currently undergoing upgradation since completion of its last contract in December 2001.

OFFSHORE SUPPORT & LOGISTICS SERVICES

To augment the marketing efforts in a major oil and gas market, your Company opened a representative office in Dubai. This office actively pursues opportunities with international charterers, offering the Division's diversified fleet of vessels.

"Malaviya Sixteen" India's most modern and technologically advanced, platform supply vessel (PSV) was delivered during the last quarter of FY01-02. The vessel is currently operating in the North Sea which makes your Company the first Indian contractor to deploy its vessel in the challenging marine environment of the North Sea. PSV "Malaviya Eighteen" delivered during May 2002 has commenced operations for ONGC since June 3, 2002. The average annual utilization ratio for

Offshore Support Vessels was 84% (as against 74% in the previous year).

Your Company continues its endeavors in expanding its client base both domestically and internationally and has served clients like ONGC, Cairn Energy, Enron Oil & Gas India Ltd. / British Gas Exploration & Production India Limited, Hardy Exploration & Production (India) Inc., NPCC, Saudi Aramco, Marathon Oil, Nico M.E.Ltd., Maersk Oil Qatar, Schlumberger Overseas S.A., Noble Asset Company, Petrom S A and Transocean Sedco Forex.

Strong initiatives taken by ONGC Videsh Limited for participating in international E & P operations could result in increased business opportunities for your Company.

Given this segment's supplementary role in the oil and gas business, its fortunes are intertwined to the E & P activities within any country. The culmination of various marine construction projects in the medium to long term is expected to translate into business prospects for this segment.

PORT SUPPORT & TERMINAL SERVICES

The Indian Port sector took a maiden step in its corporatisation efforts. During the year, the Ennore Port, earlier a part of Chennai Port was corporatised and more such developments are expected.

Marketing of tugs has been affected by reduction in port traffic and with ports receiving deliveries of new harbour tugs. Sale and charter back arrangement of tugs by Ennore and Kolkata Port Trust have further resulted in restricted charter prospects for tugs. However, with upcoming LNG/chemical terminals the demand for harbour tugs could receive a positive stimulus.

During the year, the Division acquired the tug "Birsingha" from Kolkata Port Trust on sale and charter-back basis through a tender process. The annual utilization ratio during the year was 75% (as against 92% in the previous year). However, operating profit for the year has contracted due to lower utilization. Consequently, with the tugs in the spot / short term market have been successfully utilised in rig towing and / or rig loading and unloading from barges.

This segment serviced a wide client base comprising Gujarat Pipavav Port Limited,New Managalore Port Trust, Cairn Energy India Pty Ltd., Mumbai Port Trust, JNPT, Transocean Sedco Forex and Noble Asset Co.

AIR LOGISTICS SERVICES

The two helicopters operated by the division are on charter with British Gas Exploration and Production India Limited. With Government's increased emphasis on E & P activities on the Indian coast and the increasing presence of private E&P operators, the need for helicopters to support offshore operations is likely to increase.

The annual utilization ratio during the year was 75% (as against 70% in the previous year). During the year the segment serviced other clients like Reliance Petroleum Ltd. and Cairn Energy.

Envisaging a growth potential in the business of providing helicopter services in India, your Company has signed a Joint Venture agreement with Qatar General Petroleum Corporation (QGPC), UB Air and United Helicharters Pvt. Ltd. (JV Company). The initial paid-up capital of the JV company United Helicharters Pvt. Ltd., will be Rs. 200 mn. in which your Company will hold 26% equity.

SAFETY & TRAINING

During the year various value based safety and training programmes were conducted for the fleet personnel. The DNV developed loss control management workshop, was conducted and attended by the floating personnel in various batches. Enhanced Ship Board Management course was also conducted for the floating staff by in-house and external faculty.

The vessels of the Division were subjected to Safety Management Certificate Audit by IRS and DGS auditors. All vessels of the Division completed the mandatory audits by April 19, 2002. "Malaviya

Sixteen" has been audited and cleared by the inspectors from various charterers including the UKOOA Inspection Audit and the Port State Inspection by Marine Surveyor of Maritime and Coastguard Agency, U.K.

RISKS & CONCERNS OF THE OFFSHORE DIVISION

The Offshore business of any nation is primarily determined by Government Policy with ONGC playing a positive and salubrious role in determining the future of the oil field services industry in India.

Your Company's offshore business is entirely tender driven. Accordingly, deployment of the assets of the division depend to large extent on opportunities and availability of assets at any given point of time. To derisk the revenue streams, the Division caters to private E & P operators and has been able to spread its client base by venturing into international waters by deploying its vessels in the Middle East and the North Sea markets.

The Division faces acute competition from domestic and international bidders in areas outside India. The current fleet configuration will continuously need upgradation and modernisation which your Company is actively pursuing in order to be in tune with markets. With growing interest in E & P activities in deeper waters deployment of your Company's rigs could pose a challenge. Also, move towards high value turnkey assignments could restrict asset deployment for Indian companies.

TRADING DIVISION

Keeping in line with the stated objective of withdrawing from unrelated non core businesses, your Company, since the last few years, had scaled down the activities of the Trading division. During the year, these activities have been discontinued.

FLOATING STORAGE OFFLOADING (FSO) PROJECT

Your Company together with Teekay Shipping Corporation Ltd. of Canada as its joint venture partner, has submitted the bid against the tender floated by Indian Oil Corporation for providing the services of an all weather FSO facility moored at Sandheads in the Bay of Bengal on the east coast of India and the services of shuttle tankers for handling crude oil for east coast refineries. The evaluation of the above tender is in an advanced stage.

DISINVESTMENT OF THE SHIPPING CORPORATION OF INDIA LIMITED

Your Company has filed an Expression of Interest for participating in the disinvestment of The Shipping Corporation of India Ltd. and has been qualified as an interested party. The due diligence process has commenced. Your company is closely evaluating the proposal.

IMPACT OF UNION BUDGET ON SHIPPING INDUSTRY

The Union Budget 2002-03 addressed the long awaited needs of the Shipping Industry and has provided some tax relief. The scope of Sec. 33AC of the Income Tax Act, 1961 has been widened to include share premium and general reserves. Also, amount transferred to Sec 33AC reserves will be deducted from the book profits for calculation of MAT under section 115JB.

The above inclusions in the Budget would enable shipping companies to create higher reserves by transferring additional amounts to reserves under Sec 33 AC, which would be used for future tonnage creation.

DEFERRED TAX LIABILITY

As required by the Accounting Standard AS22-('Accounting for Taxes on Income') an accumulated net deferred tax liability which may become payable over a future period in respect of previous years on account of timing differences between book and tax profits aggregating Rs.814.4 mn. has been debited to General Reserve.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the consolidated Financial

Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India. The audited Consolidated Financial Statements forms part of the Annual Report along with the Auditors' Report thereon.

From the Consolidated Financial Statements it may be observed that the net profit for the group for the year ended March 31, 2002 amounted to Rs. 2,131.6 mn. as compared to Rs.2,075.0 mn. for the Company. Further, the networth of the group as on March 31, 2002 was Rs.11,613.6 mn. as compared to Rs.10,662.6 mn. for the Company excluding preference shares.

DEBT PREPAYMENT

During the year under review in addition to the normal loan repayments the Company prepaid some of its expensive foreign currency loans of about Rs. 433.2 mn. and borrowed Rs.900 mn. by private placement of Non-Convertible Secured Debentures.

CRISIL, the pioneer credit rating agency of India has reaffirmed the "AAA" (triple A) rating for all the debt issuances and a "pfAAA" for the redeemable preference shares.

INTERIM DIVIDEND ON PREFERENCE SHARES FOR 2002-03

The terms of issue of 8.5% redeemable Non Convertible Preference Shares contained a provision of a put and call option on the expiry of 18 months from the date of allotment. The terms of the issue provided that in the event Preference Shares are earlier redeemed , a prorata interim dividend needs to be paid on redemption. The Board of Directors have decided to redeem these Preference Shares, on the expiry of 18 months from the date of allotment and declared an interim dividend for the period April 1, 2002 till the date of respective redemption @ 8.5% p.a. which aggregates to Rs.17.8 mn.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has adopted internal control system, commensurate with its size. Through the Audit Committee the Company ensures its strict implementation so that assets and business interests of your Company are adequately safeguarded.

As reported last year your Company has appointed an external firm of Chartered Accountants as Internal Auditors. Your Company has been annually reviewing the terms of reference and enhancing the scope to cover all transactional facets of the business. The reports by the Internal Auditors are discussed at the Audit Committee of the Board who finally ensure compliance with the internal control systems.

IT INITIATIVE

Your Company embarked upon a major IT revamping exercise in early 2001 with the aim to have an integrated system for various functional activities both on board and ashore. As of today, most of the IT projects undertaken during the year have been implemented and the remaining are nearing completion. This has enhanced operational efficiencies and enabled effective cost control. Software packages have provided analytical tools to aid decision making for various commercial activities, purchase, vendor assessment and planned maintenance system.

HUMAN RESOURCES

During the financial year 2001-02, the Company had 280 shore staff and 736 floating staff. The dedicated shore based team provides continuous support and guidance to the people on board the vessel. This enables the vessels to perform to high standards which is reflected in the safety levels and operational efficiency. This has been evidenced by the increasing number of oil major approvals and ever increasing client base both domestically and in international arena. Your Company is being viewed as a leading service provider from India.

Your Company has successfully met the mandatory norms set by the International Convention on Standards of Training, Certification and Watch Keeping for seafarers (STCW) 1978, subsequently amended in 1995 for all its Shipping Division vessels. The International Maritime Organisation enforced the standards stipulated in the STCW 1978 Convention to achieve certain minimum standards of competence in training, watch keeping and certification. The stipulations stretched from 4 to 10 mandatory courses depending on the ranking of the officer and the crew and each such course involved training spanning a period of 3 to 14 days.

SUBSIDIARY COMPANIES

In addition to “Consolidation of Financial Statements” as required under Clause 32 of the Listing Agreement with the Stock Exchanges, the statement of account of the subsidiary companies namely The Great Eastern Shipping Co. London Ltd., London, The Greatship (Singapore) Pte.Ltd., Singapore, The Great Eastern (Fujairah) LLC-FZC, Fujairah are annexed to this report.

After the close of the financial year, your Company incorporated a wholly owned subsidiary, “The Great Eastern Investments Limited”. The paid up equity share capital of the Company is Rs. 20 mn.

DIRECTORS

During the year under review ICICI Ltd. withdrew its nominee, Mr. M. J. Subbaiah, from the Board of the Company with effect from January 31, 2002, on the Company having prepaid all their outstanding loans. The Board wishes to place on record its appreciation for his valuable contribution as a Director on the Board of your Company.

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

Based on the recommendation of the Management Consultants appointed by the Remuneration Committee, it is proposed to revise the remuneration package offered to Managing and Whole time Directors. More details on this aspect are stated in the Corporate Governance Report attached as Annexure A.

Keeping in line with these recommendations, it is proposed to terminate by mutual consent the existing appointment of the Whole time Directors namely Mr. K.M. Sheth, Mr. S. J. Mulji and also the Managing Directors Mr. Vijay Sheth and Mr. Bharat Sheth and re-appoint them on a fresh term of 5 years with effect from April 1, 2002 on a revised remuneration structure. Appropriate resolutions for their re-appointment is proposed in the notice convening the annual general meeting.

CORPORATE GOVERNANCE REPORT

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

COMPLIANCE CERTIFICATE

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

DIRECTORS’ RESPONSIBILITY STATEMENT:

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

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

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

Under Notification No.GSR 1029, dated 31.12.1988, the Company is required to furnish prescribed information regarding conservation of energy and technology absorption. This, however, does not apply to the Company as the shipping industry is not included in the Schedule to the relevant rules.

With regard to foreign exchange earnings and outgo, the position is as under:

		Rs. in mn.
(a)	Foreign Exchange earned and saved (on account of freight, charter hire earnings, export of commodities etc. and includes Foreign Exchange savings of Rs.4,718.3 million).	11,404.2
(b)	Foreign Exchange used including operating expenses, capital requirement, down payments for acquisition of ships, interest payment and import of commodities.	6,316.0

PARTICULARS OF EMPLOYEES

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

AUDITORS

M/s Kalyaniwalla & Mistry, Chartered Accountants, the auditors of the Company, who hold office until the conclusion of the forthcoming Annual General Meeting being eligible, offer themselves for reappointment, The other statutory auditor, M/s Chandabhoy & Jassoobhoy, Chartered Accountants, have conveyed their unwillingness to be re-appointed as auditors of the Company.

Your Directors take this opportunity to express their sincere gratitude and appreciation for the support, co-operation, assistance and services rendered by M/s Chandabhoy & Jassoobhoy, Chartered Accountants.

FORWARD LOOKING STATEMENTS

Certain statements as discussed and mentioned in the Management Discussion & Analysis and elsewhere constitute forward looking statements articulated as management's expectations of future business prospects. However, there are risks and uncertainties with regard to not only general economic conditions but also the cyclical nature of the Company's business including foreign currency fluctuations, the ongoing need to replace vessels, regulatory initiatives, tender processes, competition, marine related risks etc. which are out of the Company's control. Hence, these and other crucial factors could cause the actual results to differ materially from the performance or achievements discussed or implied by such forward looking statements.

APPRECIATION

Your Directors take this opportunity to thank all customers, charterers, vendors, investors, shipping agents, bankers, insurance companies, protection and indemnity clubs, consultants and advisors for their continued support during the year. Your Directors place on record their appreciation of the contribution made by the employees who through their competence, solidarity and confidence have enabled the Company to achieve consistent growth.

Your Directors thank the Government of India, Ministry of Shipping, Ministry of Petroleum & Natural Gas, Directorate General of Shipping, Directorate General of Hydrocarbons, Ministry of Finance, Reserve Bank of India, Chief Controller of Chartering, Oil Coordination Committee, Oil and Natural Gas Corporation, ONGC Videsh Ltd., Indian Coastal Conference, Indian National Ship Owners Association and Port Authorities for extending their co-operation and look forward to their continued support.

For and on behalf of the
Board of Directors

K.M.Sheth

Mumbai, June 17, 2002 — Executive Chairman

CORPORATE GOVERNANCE REPORT

ANNEXURE A

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board consisted of 10 Directors as on March 31, 2002.

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

Category	Name of Director & Designation	No. of directorships and Committee Positions in the Companies			
		Public Co.	Pvt.Co.	Committee member	Chairman
Promoter Executive Directors	Mr. K.M. Sheth, Executive Chairman	1	-	-	-
	Mr. S.J. Mulji, Executive Deputy Chairman	4	-	-	-
	Mr. Vijay K. Sheth, Managing Director	4	8	-	-
	Mr. B.K. Sheth, Managing Director	3	-	-	-
Promoter Non-Executive	Ms. Asha V. Sheth	-	3	-	-
Independent Non-Executive Directors	Mr. R.N. Sethna	6	1	6	2
	Mr. K.P. Byramjee	9	29	3	-
	Mr. A.K. Parikh	1	-	-	-
	Mr. Manu Shroff	7	-	6	2
	Mr. T.N. Pandey	1	-	3	2

ICICI Ltd. withdrew their nominee, Mr. M. J. Subbaiah, from the Board of the Company with effect from January 31, 2002.

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

Director	No. of Meetings		Attended Last AGM **
	Held*	Attended	
Mr. K.M. Sheth	11	9	Yes
Mr. S.J. Mulji	11	5	No
Mr. R.N. Sethna	11	9	No
Mr. K.P. Byramjee	11	10	Yes
Mr. A.K. Parikh	11	11	Yes
Mr. Manu R. Shroff	11	9	Yes
Mr. T.N. Pandey	11	11	Yes
Ms. Asha V. Sheth	11	7	Yes
Mr. Vijay K. Sheth	11	10	Yes
Mr. B.K. Sheth	11	10	Yes

* The Board of Directors met 11 times during the year on the following dates:

May 03, 2001, June 14, 2001, July 26, 2001, September 04, 2001, October 30, 2001, November 21, 2001, November 30, 2001, December 21, 2001, January 30, 2002, February 17, 2002, and March 04, 2002.

** Annual General Meeting(AGM) held on July 26, 2001.

Note : Mr.M.J.Subbaiah attended 7 out of 9 meetings held upto the date of his cessation as Director. He also attended the last AGM.

3. AUDIT COMMITTEE

A) Terms of Reference

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

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

c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on;

- Any change in accounting policies and practices.
- Major accounting entries based on exercise of judgement by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Complilance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

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

e) Reviewing the adequacy of internal audit function.

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

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

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

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

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

B) Composition of Audit Committee

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

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

(2) Mr. R.N. Sethna

(3) Mr. K.P. Byramjee

(4) Mr. Manu R. Shroff

C) The Committee met 5 times on May 2, 2001, July 5, 2001, July 25, 2001, October 29, 2001 and January 29, 2002 during the financial year 2001-02 and the attendance of the members of the Committee were as follows:-

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

4. REMUNERATION COMMITTEE

A) Terms of Reference

The Remuneration Committee shall have the powers to determine the Company's Policy on specific remuneration packages for Wholetime Directors including pension rights and any other compensation related matters and issues within the framework of the provisions and enactments governing the same.

B) Composition of the Committee

The remuneration Committee comprises of the following Directors namely:-

(1) Mr. R.N. Sethna - Chairman

(2) Mr. K.P. Byramjee

(3) Mr. A.K. Parikh

(4) Mr. T.N. Pandey

(5) Mr. Manu R. Shroff

C) Attendance during the year

The Committee met twice on May 2, 2001 and September 28, 2001 during the financial year 2001-2002 and the attendance of the members of the committee were as follows :

Director	No. of Meetings	
	Held	Attended
Mr. R.N. Sethna	2	2
Mr. K.P. Byramjee	2	2
Mr. A.K.Parikh	2	1
Mr. T.N. Pandey	2	2
Mr. Manu R. Shroff	2	2

D) Remuneration Policy

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

The Remuneration Committee, upon taking professional advice from a Management Consultant of repute, have arrived at a revised remuneration package for working Directors. The revised package envisages increasing the fixed component of the salary and reducing the variable component. In the case of Chairman and the Deputy Chairman no variable component in the form of commission is envisaged. The Implementation of the proposed remuneration is proposed to be made effective from April 1, 2002 and appropriate resolutions, detailing the revised package, for the purpose of obtaining approval of the members are included in the notice of the ensuing annual general meeting.

E) Details of Remuneration paid to all Directors

I) Wholetime Directors

Executive Director	Salary (Rs.)	Commission (Rs.)
Mr. K.M. Sheth	27,90,742	6,500,000
Mr. S.J. Mulji	22,83,620	6,500,000
Mr. V.K. Sheth	16,35,251	6,500,000
Mr. B.K. Sheth	21,73,780	6,500,000
Total	88,83,393	2,60,00,000

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

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

II) Non-Wholetime Directors

The details of payment to Non-Executive Directors for the financial year 2001-02 are given below:

Non-Executive Director	Sitting Fees (In Rs.)	Commission (In Rs.)
Mr. Rusi N. Sethna	71,000	500,000
Mr. K.P. Byramjee	88,000	500,000
Mr. A.K. Parikh	54,000	500,000
Mrs. Asha V. Sheth	32,000	500,000
Mr. Manu Shroff	83,000	500,000
Mr. T.N. Pandey	98,000	500,000
Mr. M.J. Subbaiah	35,000	50,000
Total	4,61,000	30,50,000

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

5. SHAREHOLDER/ INVESTOR GRIEVANCE COMMITTEE

A) Terms of Reference

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

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

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

B) Composition of the Committee

The Committee comprises of the following Directors namely:-

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

(2) Mr. R.N. Sethna

(3) Mr. K.P. Byramjee

(4) Mr. A.K. Parikh

(5) Mr. Manu R. Shroff

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

C) During the year under review, 2,929 complaints were received from investors which were replied / resolved to the satisfaction of the investors.

44 requests for transfer and 150 requests for dematerialisation were pending for approval as on March 31,2002. These pending requests were duly approved and dealt with by the Company.

6. GENERAL MEETING

A) Details of Annual General Meetings

a) Date, time and Location where Annual General Meetings were held in the last 3 years:

Time	Date & Year	Location
3.00 p.m	July 26, 2001	Nehru Centre Dr. A.B. Road Worli, Mumbai 400 018
3:00 p.m.	Aug.30,2000	Chavan Centre Gen. Jagannnath Bhosle Marg Mumbai - 400 021
3:00 p.m.	July 30, 1999	Nehru Centre Dr. A.B. Road, Worli Mumbai - 400 018

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

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

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

There are no material transactions with any related party which may have potential conflict with the interests of the Company at large. However the Company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transaction entered into with them.

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

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

D) Means of communication

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

7. GENERAL SHAREHOLDERS' INFORMATION

a)	Annual General Meeting		
	Date	:	Thursday, July 25, 2002
	Time	:	3.00 p.m.
	Venue	:	Nehru Centre Dr. A.B. Road, Worli Mumbai-400 018
b)	Financial Calendar (April 1, 2002-March 31, 2003)	:	i) 54th Annual General Meeting - July 25, 2002 ii) 1st Quarterly result -last week of July 2002 2nd Quarterly result- Last week of October, 2002 3rd Quarterly result- Last week of January 2003. 4th Quarterly result - Last week of April 2003.
c)	Book Closure date	:	Thursday, July 18, 2002 to Thursday, July 25, 2002 (both days inclusive)
d)	Dividend Payment Date	:	On or after July 30, 2002
e)	Listing on Stock Exchanges	:	Equity Shares: Are listed on the following Stock Exchanges : **The Stock Exchange, Mumbai** Phiroze Jeejeebhoy Towers Dalal Street, Mumbai -400 001. **National Stock Exchange of India Ltd.** "Exchange Plaza", Bandra-Kurla Complex,Bandra(E), Mumbai - 400 051. Global Depository Receipts : listed on **Luxembourg Stock Exchange.** Kredietbank S.A. Luxembourgeoise Societe Anonyme, 43, Boulevard Royal, L-2955 Luxembourg, R.C.Luxembourg B 6395. **Preference Shares:** listed on the Mumbai & National Stock Exchange **Non-convertible Debenture (All series):** Wholesale Debt Market National Stock Exchange. The Company has paid the Annual Listing fee to each of the Stock Exchanges.
f)	Stock Code	:	Equity - BSE 500620 NSE EQ GE SHIPPING Preference - BSE 200069,70,71,72, 700075 NSE P1 01, P2 02, P3 03, P4 04
g)	ISIN No.		Equity - INE 017A01024 Preference - INE17A04010 INE17A04028 INE17A04036 INE17A04044 INE 017A04051 INE 017A04069

h)	Market Price Data	:	As per Appendix A
i)	Stock performance in comparison to BSE Sensex	:	As per Appendix B
j)	Registrar and Transfer Agents	:	Sharepro Services Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East) Mumbai-400 099 Tel: 022-8215168, 8329828 Fax: 022-8375646 Email:sharepro@bom7.vsnl.net.in
k)	Share Transfer System	:	Share Transfer requests received in physical form is registered within an average period of 15 days. A Share Transfer Committee comprising of members of the Board meets once in a week to consider the transfers of shares. Request for dematerialisation (demat) received from the shareholders are effected within an average period of 15 days. The Company has, as per SEBI guidelines with effect from March 24, 2000, offered the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Company alongwith the option letter issued by the Company. On receipt of the same, the Company dematerialise the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will despatch the share certificates after 15 days from the date of such option letter. The same system has also been adopted for the transfer of Non-Convertible Debentures.
l)	Distribution of shareholding & Shareholding pattern	:	As per Appendix “C” & “D”
m)	Dematerialisation of shares	:	16,59,94,493 equity shares which is 81.95% of the paid-up capital as on March 31,2002 has been dematerialised.
n)	Outstanding GDR’s	:	6,19,958 GDR’s are outstanding as on March 31,2002.
o)	Plant Location	:	The Company has no plants.

p) Address for correspondence : **With the Company:**
Share Department
Ocean House
134-A, Dr. Annie Besant Road,
Worli, Mumbai-400 018
Telephone: 4613000/492 2200

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

ADDITIONAL SHAREHOLDERS INFORMATION

1. Website - www.greatship.com - the information gateway

   Another step towards information sharing on real time is through launch of your Company's new web-site which has been rolled out in June 2002. The site holds distinctive features to enable exhaustive and easy accessibility to information that is not restricted to the Company alone but provides a gateway to global information on the maritime industry through around 90 industry and related hyper links.

   Investors and shareholders, can directly communicate with the share department, and also download required forms for change of address, nomination, application related to loss of share certificates and issue of duplicate dividend warrant from the web-site for submission to share transfer agents.

2. Unclaimed Dividends : Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years automatically get transferred to the Investor Education and Protection Fund administered by the Central Government. Table 1 gives the dates of dividend declaration or payment since 1995 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1995.

TABLE - 1

DATES WHEN UNCLAIMED DIVIDEND TO BE TRANSFERRED TO THE CENTRAL GOVERNMENT				
Year	Dividend No.	Type	Date of Declaration	Date of Proposed transfer to Central Government
1995	41	FINAL	26-Sep-95	26-Oct-02
1996	42	FINAL	26-Sep-96	26-Oct-03
1997	43	FINAL	18-Aug-97	18-Sep-04
1998	44 I	INTERIM	22-Jan-98	22-Feb-05
1998	44 F	FINAL	03-Aug-98	03-Sep-05
1999	45	FINAL	30-Jul-99	30-Aug-06
2000	46 I	INTERIM	23-Mar-00	23-Apr-07
2001	47	FINAL	26-Jul-01	26-Aug-08

TABLE - 2

UNCLAIMED DIVIDEND AS OF 31ST MARCH 2002								
Year	Div. No.	Type	No. of warrants issued	No. of warrants unclaimed	% Unclaimed	Amount of dividend (Rs lakhs)	Dividend Unclaimed (Rs lakhs)	% Unclaimed
1995	41	FINAL	210371	6129	2.91	5450	18.56	0.3
1996	42	FINAL	208403	9057	4.34	5142	25.46	0.5
1997	43	FINAL	205106	10735	5.23	8626	41.75	0.5
1998	44 I	INTERIM	201942	13554	6.71	7189	42.42	0.6
1998	44 F	FINAL	204276	13291	6.50	4313	24.02	0.6
1999	45	FINAL	199211	12884	6.46	5751	36.37	0.6
2000	46 I	INTERIM	188606	10640	5.64	3883	30.56	0.8
2001	47	FINAL	160040	12339	7.70	5937	54.18	0.9

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

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

4. Shares held in electronic form : Shareholders holding shares in electronic form may note that :

   i) Instructions regarding bank details which they wish to have incorporated on their dividend warrants must be submitted to their depository participants. As per the regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.

   ii) Instructions already given by them for shares held in physical form will not automatically be applicable to the dividend paid on shares held in electronic form.

   iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the depository participants. The Company cannot entertain any such requests directly from the shareholders.

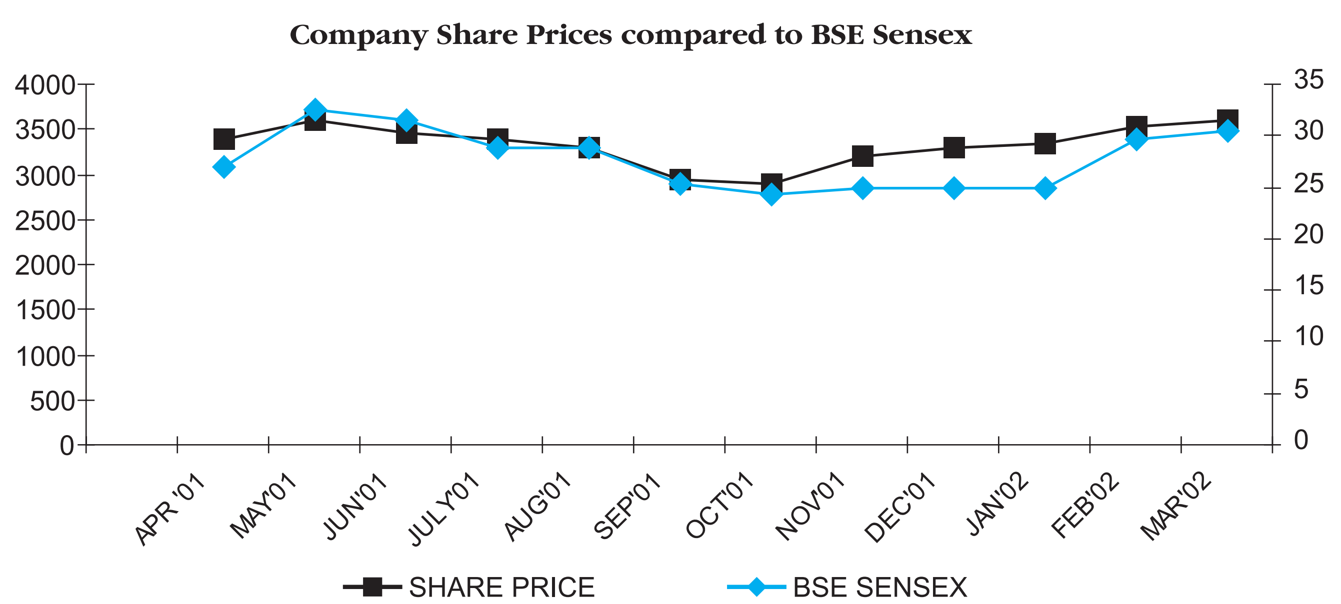
   iv) The Company provides ECS facility for shares held in electronic form and for reasons mentioned earlier, shareholders may wish to avail of this facility.

APPENDIX A

MARKET PRICE DATA-HIGH/LOW DURING EACH MONTH IN THE YEAR 2001- 2002

MONTH	MARKET PRICES (RS.)		
	HIGHEST	LOWEST	VOLUME
APRIL 2001	30.20	23.65	2,572,127
MAY 2001	34.80	30.10	3,294,080
JUNE 2001	33.00	30.00	3,094,225
JULY 2001	31.20	26.50	590,623
AUGUST 2001	30.25	27.50	730,139
SEPTEMBER 2001	28.45	22.00	1,186,210
OCTOBER 2001	25.40	23.10	986,316
NOVEMBER 2001	26.75	23.10	7,207,494
DECEMBER 2001	26.90	23.00	2,208,747
JANUARY 2002	25.50	23.50	4,552,251
FEBRUARY 2002	34.00	25.25	6,371,050
MARCH 2002	36.10	24.90	7,893,774

APPENDIX B



APPENDIX C

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2002

No. of equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	133151	82.14	20,061,144	9.90
501 to 1000	14624	9.02	10,638,445	5.25
1001 to 2000	7225	4.46	10,393,945	5.13
2001 to 3000	2434	1.50	6,003,069	2.96
3001 to 4000	1251	0.77	4,321,788	2.13
4001 to 5000	825	0.51	3,782,336	1.87
5001 to 10000	1401	0.87	9,914,166	4.90
10001 and above	1185	0.73	137,448,893	67.86
TOTAL	162096	100.00	202,563,786	100.00

APPENDIX D

SHAREHOLDING PATTERN AS ON MARCH 31, 2002

CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
1. PROMOTERS	46,631,532	23.02
2. DIRECTOR OTHER THAN PROMOTERS	1,456,901	0.72
3. FOREIGN INSTITUTIONAL INVESTORS	1,014,425	0.50
4. INTERNATIONAL FINANCE CORPORATION	10,880,679	5.37
5. GLOBAL DEPOSITORY RECEIPTS	3,099,789	1.53
6. FOREIGN HOLDING	1,398,754	0.70
7. GOVT/FINANCIAL INSTITUTIONS	36,668,095	18.10
8. BODIES CORPORATE	12,868,628	6.35
9. OTHERS	88,544,983	43.71
TOTAL	202,563,786	100.00

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by The Great Eastern Shipping Co. Ltd., for the year ended on March 31, 2002 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that as per the records maintained by the Registrars and Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee. no investor grievances received during the year ended March 31, 2002, were remaining unattended/pending against the Company for a period exceeding thirty days.

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

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Sd/-
Partner

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants

Sd/-
Partner

Mumbai, June 17, 2002

INVESTORS' GUIDE

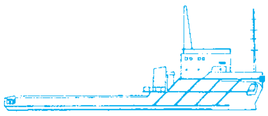
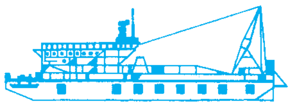
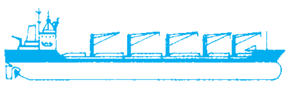
Asset Profile

Details of Shipping & Offshore Fleet as on June 14, 2002

	SR. NO.	NAME OF VESSEL	YEAR BUILT	DWT (MT)
BULK CARRIERS	1	m.v. JAG RATNA	1977	35,662
	2	m.v. JAG VIKAS	1977	26,781
	3	m.v. JAG VIDYA	1977	27,451
	4	m.v. JAG VIKRAM	1980	27,463
	5	m.v. JAG REKHA*	1984	37,586
	6	m.v. JAG RISHI	1984	41,093
	7	m.v. JAG RAKSHA	1985	45,345
	8	m.v. JAG RANI	1984	41,545
	9	m.v. JAR ARNAV	1995	71,122
		MINI BULK CARRIERS		
	10	GE3	1998	2,137
	11	GE4	1998	2,137
		Sub Total		358,322
TANKERS		**PRODUCT TANKERS**		
	12	m.t. JAG PREETI	1981	29,139
	13	m.t. JAG PARI	1982	29,139
	14	m.t. JAG PADMA	1982	47,803
	15	m.t. JAG PRAYOG	1982	29,990
	16	m.t. JAG PRAJA	1982	29,990
	17	m.t. JAG PRANAM	1984	50,600
	18	m.t. JAG PALAK	1985	27,402
	19	m.t. JAG PRAGATI	1985	27,400
	20	m.t. JAG PAVITRA	1985	50,600
	21	m.t. JAG PRATAP	1995	45,693
	22	m.t. JAG PRADIP	1996	45,684
	23	m.t JAG PRIYA	1996	44,128
	24	m.t. JAG PRACHI	1996	44,124
		CRUDE OIL TANKERS		
	25	m.t. JAG LAADKI	1992	145,242
	26	m.t. JAG LAXMI	1999	105,051
	27	m.t. JAG LEELA	1999	105,148
LPG CARRIER	28	m.t. JAG VAYU**	1978	28,400
		Sub Total		885,533

* Sold, to be delivered.

** 31,243 Cubic Metres

	SR. NO.	NAME OF VESSEL	YEAR BUILT	DWT (MT)
OFFSHORE VESSELS		**ANCHOR HANDLING TUG SUPPLY VESSELS**		
	29	m.v. MALAVIYA ONE	1983	1,073
	30	m.v. MALAVIYA TWO	1983	1,084
	31	m.v. MALAVIYA THREE	1984	1,251
	32	m.v. MALAVIYA FOUR	1984	1,242
	33	m.v. MALAVIYA FIVE	1982	1,162
	34	m.v. MALAVIYA SIX	1981	1,149
	35	m.v. MALAVIYA NINE	1983	1,221
	36	m.v. MALAVIYA TEN	1999	2,558
		SUPPLY VESSELS		
	37	m.v. MALAVIYA ELEVEN	1989	1,204
	38	m.v. MALAVIYA TWELVE	1989	938
	39	m.v. MALAVIYA FOURTEEN	1989	1206
	40	m.v. MALAVIYA SIXTEEN	2002	3309
	41	m.v. MALAVIYA EIGHTEEN	2002	3305
		ANCHOR HANDLING TUGS		
	42	m.v. SHARDA M	1975	508
	43	m.v. GAL BEAUFORT SEA	1982	540
	44	m.v. GAL ROSS SEA	1982	540
	45	m.v. SANGITA	1994	218
		HARBOUR TUGS		
	46	m.v. RISHABH	1985	84
	47	m.v. MALINI	1987	229
	48	m.v. ANASUYA	1997	123
	49	m.v. KUMARI TARINI	1998	127
	50	m.v. KANTI	1998	135
	51	m.v. SUDHIRMULJI	1998	117
	52	m.v. VAHBIZ	1999	148
	53	m.v. ANANYA	2000	148
	54	m.v. PURNIMA	2000	120
	55	m.v. JYOTSNA. S	1989	69
	56	m.v. BIRSINGHA	2001	175
		BARGE		
	57	m.v. GAL CONSTRUCTOR	1978	4,801
		DRILLING UNITS		
	58	BADRINATH	1973	6,000
	59	KEDARNATH	1975	1,600
		Sub Total		36,384
SUBSIDIARY FLEET		**BULK CARRIERS**		
The Great Eastern Shipping Co. London Ltd.	60	m.v. SHARDA	1976	77,826
	61	m.v. POOJA	1976	34,081
	62	m.v. NISHA	1977	27,481
		Sub Total		139,388
		Total DWT		14,19,627

			APPROX. DELIVERY	DWT
ON ORDER FLEET		TYPE OF SHIP	DATE	(MT)
	63	Aframax Crude Oil Carrier(Samho)*	July 2002	105,500
	64	Aframax Crude Oil Carrier(Samho)	May 2003	105,500
	65	Aframax Crude Oil Carrier(Samsung)	Jan. 2004	105,000
	66	Product Carrier (Hanjin)	Jan. 2003	45,500
	67	Product Carrier (Hanjin)	April 2003	45,500

* Sold, to be delivered.

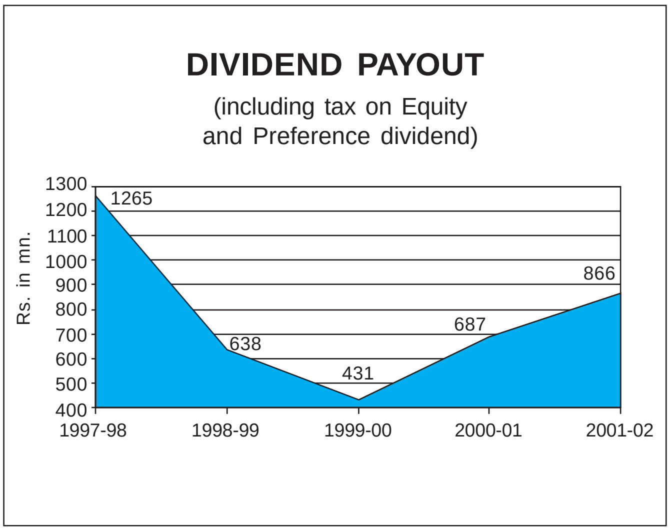
10 YEARS AT A GLANCE

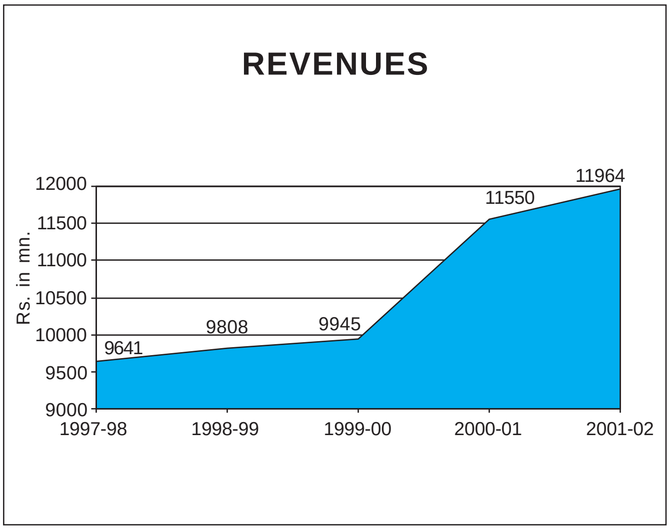
(Rs. in Million)

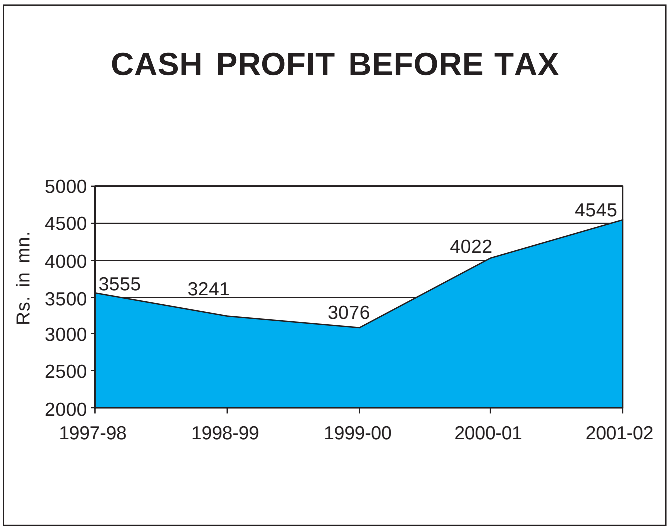
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
PROFIT & LOSS A/C										
Revenues										
Income from operations	3523.7	4698.4	7638.7	7238.4	7812.2	8810.2	9289.6	9146.4	10806.8	11724.3
Profit/(loss) on sale of -										
- ships	385.7	222.9	174.0	338.3	95.6	169.3	5.4	479.5	359.8	5.8
- other assets	(0.2)	0.2	0.3	0.1	8.3	190.1	(4.5)	1.7	0.7	(10.0)
Other income	598.8	382.9	682.1	735.6	864.6	471.4	513.5	317.0	382.9	233.4
	4508.0	5304.4	8495.1	8312.4	8780.7	9641.0	9804.0	9944.6	11550.2	11953.5
Expenditure										
Operating expenses	2439.1	2657.8	5418.2	4923.7	4854.6	4950.8	5395.1	5724.2	6080.8	6079.8
Other indirect expenses	170.2	230.4	254.0	391.1	396.2	484.4	589.4	536.1	729.7	825.9
Operating profit (PBIDT)	**1898.7**	**2416.2**	**2822.9**	**2997.6**	**3529.9**	**4205.8**	**3819.5**	**3684.3**	**4739.7**	**5047.8**
Interest & finance charges	192.9	233.6	248.4	453.3	690.6	650.4	578.2	608.1	717.4	502.7
PBDT	**1705.8**	**2182.6**	**2574.5**	**2544.3**	**2839.3**	**3555.4**	**3241.3**	**3076.2**	**4022.3**	**4545.1**
Depreciation	614.1	814.8	858.1	903.1	1225.1	1558.1	1647.0	1811.7	2008.2	2017.3
Provisions & Capitalisations	—	—	—	(127.8)	—	85.0	50.0	—	—	—
PBT	**1091.7**	**1367.8**	**1716.4**	**1769.0**	**1614.2**	**1912.3**	**1544.3**	**1264.5**	**2014.1**	**2527.8**
Tax	2.0	—	—	245.0	250.0	270.0	280.0	160.0	240.0	452.8
PAT	**1089.7**	**1367.8**	**1716.4**	**1524.0**	**1364.2**	**1642.3**	**1264.3**	**1104.5**	**1774.1**	**2075.0**
BALANCE SHEET										
What the Company owned										
Net Block	4082.8	6135.5	5472.7	11748.7	13225.4	13419.0	16591.1	16804.3	15235.2	16807.6
Ships under construction	6.1	437.3	1310.8	447.7	752.2	1064.3	516.3	—	919.2	1295.0
Investments & net current assets	1794.6	4919.9	6928.3	6038.5	5869.1	5521.3	4157.2	4319.3	3764.4	4606.5
TOTAL	5883.5	11492.7	13711.8	18234.9	19846.7	20004.6	21264.6	21123.6	19918.8	22709.1
What the Company owed										
Secured loans	1602.0	3235.5	3675.8	7170.5	6453.6	6216.1	7340.5	8048.8	6934.7	7948.5
Unsecured loans	2.9	60.2	—	—	1903.7	2101.4	2006.7	2004.7	1329.2	1390.8
Due to a foreign shipbuilder under deferred payment agreement	134.4	—	—	—	—	—	—	—	—	—
Deferred Taxation (Net)	—	—	—	—	—	—	—	—	—	1007.2
TOTAL	1739.3	3295.7	3675.8	7170.5	8357.3	8317.5	9347.2	10053.5	8263.9	10346.5
Shareholders' Funds										
Equity Share Capital	1749.0	2083.8	2789.4	2875.4	2875.6	2875.6	2876.0	2588.4	2177.8	2025.6
Preference Share Capital	—	—	—	—	—	—	—	—	950.0	1700.0
Reserves & surplus	2412.1	6249.7	7375.8	8301.9	8710.4	9114.1	9233.4	8692.7	8732.0	8803.1
Misc. Expd. (to the extent not w/off)	(16.9)	(136.5)	(129.2)	(112.9)	(96.6)	(302.6)	(192.0)	(211.0)	(204.9)	(166.1)
TOTAL	4144.2	8197.0	10036.0	11064.4	11489.4	11687.1	11917.4	11070.1	11654.9	12362.6
Debt-Equity ratio (times)	0.42	0.40	0.37	0.65	0.73	0.71	0.78	0.91	0.86	1.04

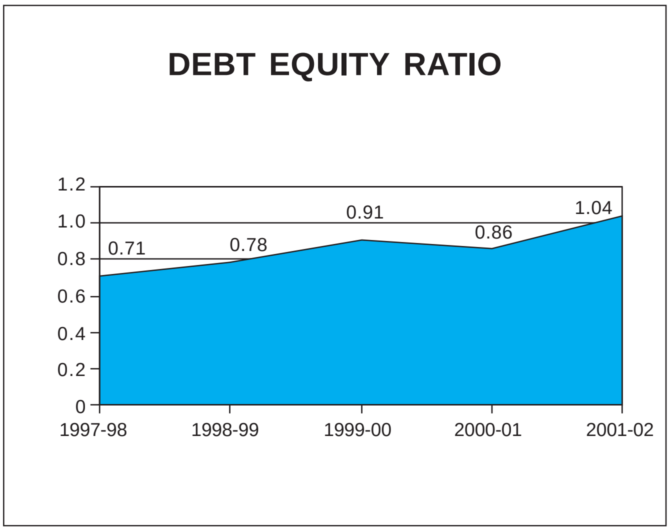
INVESTORS' GUIDE

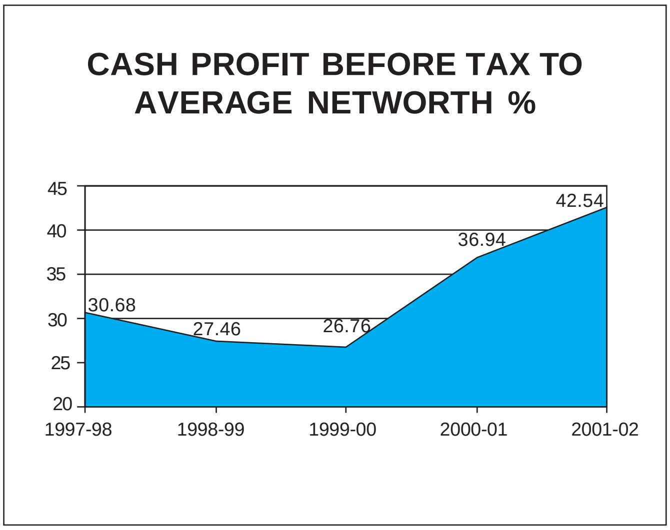
FINANCIAL HIGHLIGHTS

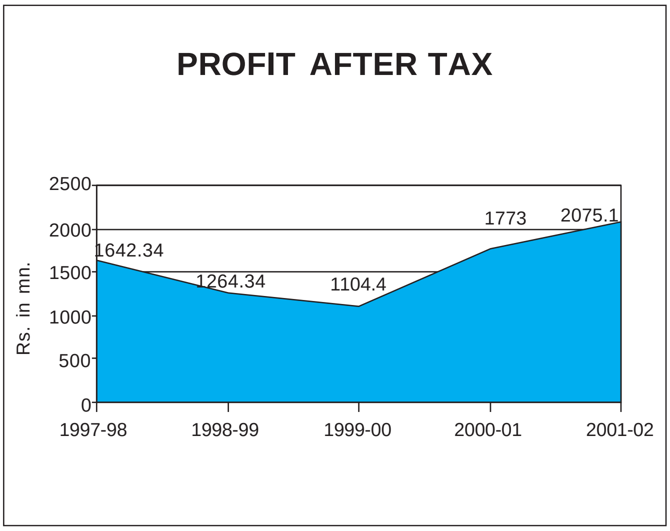












Report Of The Auditors
To The Members Of
The Great Eastern Shipping Company Limited

1. We have audited the attached Balance Sheet of The Great Eastern Shipping Company Limited, as at March 31, 2002 and also the Profit and Loss Account of the Company for the year ended on that date 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 misstatment. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statments. 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act 1956, we annex hereto a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to 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 and Profit and Loss Account dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet and the Profit and Loss Account 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, 2002; and
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2002, from being appoined 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

Mumbai, June 17, 2002.

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

ANNEXURE TO THE AUDITORS' REPORT

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, referred to in Paragraph 1 of our report of even date on the accounts for the year ended March 31, 2002 of The Great Eastern Shipping Company Limited:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.

2. The fixed assets have not been revalued during the year.

3. Inventories have been physically verified by the management at reasonable intervals.

4. In our opinion and according to the explanations given to us, the procedure followed by the management for such physical verification is, reasonable and adequate in relation to the size of the Company and nature of its business.

5. The discrepancies noticed on verification between physical inventories and the book records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.

6. In our opinion, the valuation of inventory is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As informed to us, there are no companies under the same management as defined under section 370(1B) of the Companies Act, 1956.

8. Except for the interest free advances given to The Great Eastern Shipping Company, London, Limited, a fully owned subsidiary company, in our opinion, the rate of interest and the terms and conditions of loans granted to Companies, firms of other parties listed in the register maintained under section 301 of the Companis Act, 1956, are prima facie not prejudicial to the interest of the Company. As informed to us, there are no companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.

9. The parties and employees to whom loans and advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also generally regular in the payment of interest where applicable.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of stores and spares, equipment and other assets.

11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services, where such prices are available with the company or the prices at which transactions for similar goods or services have been made with other parties.

12. The Company has not accepted any fixed deposits from the public during the year.

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

14. In view of the nature of the Company's activities, it is not possible to accurately ascertain the provident fund dues of the floating staff. The Company regularly makes ad hoc payments to the appropriate authorities and on final determination, the balance, if any, is paid. The payments in respect of shore staff are regularly made. The Company is generally regular in the payment of Provident fund and the Employees State Insurance Act due with the appropriate authorities.

15. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax and customs duty outstanding as at the year end, for a period of more than six months from the date they become payable.

16. According to the information and explanations given to us and the records examined by us, no personal expenses other than those payable under contractual obligations or in accordance with generally accepted business practices, have been charged to revenue account.

17. The Company is not a sick industrial company within the meaning of clause (o) of sub section (1) of Section 3 of The Sick Industrial Companies (Special Provisions) Act, 1985.

18. In respect of the service activities of the Company:

    a) the Company has, in our opinion, a reasonable system of recording receipts, issues and consumption of material and stores commensurate with the size and nature of its business. The Company does not do any job-work and being a shipping company, allocation of materials consumed and man-hours to relative job is not applicable.

    b) in our opinion, there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and the system of internal control is adequate and commensurate with the size and nature of the business of the Company. Being a shipping company, allocation of stores and labour to jobs is not applicable.

19. In respect of the trading activities of the Company, damaged goods have been determined and adequate provision for the loss, if any, has been made in the accounts.

20. In respect of the investment activities of the Company:

    a) the Company has in our opinion, maintained proper records of the transactions and contracts of the shares, securities, debentures and other investments dealt in by the Company and timely entries have been made therein.

    b) the investments made by the Company are held by the Company in its own name.

21. None of the matters contained in clause (xii), (xiv) and (xvi) of para 4A of the said Order are applicable to the Company.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

Mumbai, June 17, 2002.

BALANCE SHEET as at March 31, 2002.

(Rs. in lakhs)

	Schedule			Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	**37256**		31278
Reserves and Surplus	2	**88031**		87320
			125287	118598
Loan Funds :				
Secured Loans	3	**79485**		69347
Unsecured Loans	4	**13908**		13292
			93393	82639
Deferred taxation (Net)			**10072**	—
TOTAL			**228752**	201237
APPLICATION OF FUNDS :				
Fixed Assets :	5			
Gross Block		**284974**		256779
Less : Depreciation		**116898**		104427
Net Block		**168076**		152352
Ships under construction		**12950**		9192
			181026	161544
Investments	6		**10857**	6239
Current Assets, Loans and Advances :				
Inventories	7	**6027**		10942
Sundry Debtors	8	**7558**		7964
Cash and bank balances	9	**38212**		21834
Other current assets	10	**1000**		744
Loans and advances	11	**4643**		15269
Incomplete voyages (Net)		**—**		62
		57440		56815
Less: Current liabilities and provisions :				
Current liabilities	12	**13571**		18359
Provisions	13	**8019**		7051
Incomplete voyages (Net)		**642**		—
		22232		25410
Net Current Assets			**35208**	31405
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14		**1661**	2049
TOTAL			**228752**	201237
Significant Accounting Policies	22			
Notes on Accounts	23			

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, June 17, 2002.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board
K.M. Sheth
Executive Chairman
Vijay K. Sheth
Managing Director
B.K. Sheth
Managing Director
R. N. Sethna
Director
Mumbai, June 14, 2002.

PROFIT AND LOSS ACCOUNT for the year ended March 31, 2002.

	Schedule		(Rs. in lakhs)	Previous Year
INCOME :				
Income from Operations	15		**117301**	111666
Interest Earned	16		**1309**	2284
Other Income	17		**1025**	1552
			119635	115502
EXPENDITURE :				
Operating Expenses	18	**60798**		60808
Administration & Other Expenses	19	**8359**		7297
Interest & Finance charges	20	**5027**		7174
Depreciation		**20173**		20082
			94357	95361
Profit before tax			**25278**	20141
Less: Provision for tax-				
- Current		**2600**		2400
- Deferred		**1928**		—
			4528	2400
Profit for the year after tax			**20750**	17741
Less: Extraordinary items & Prior period adjustments	21		**1031**	88
			19719	17653
Less: Transfer to Reserve under Section 33AC of the Income-tax Act, 1961			**12500**	14000
			7219	3653
Add : Transferred from -				
- Investment Allowance Reserve		**1800**		—
- Reserve under section 33 AC of the Income-tax Act, 1961		**7700**		—
			9500	—
			16719	3653
Add : Surplus brought forward from previous year			**17772**	38517
			34491	42170
Less: Transfer to Capital Redemption Reserve		**1521**		4107
Transfer to Debenture Redemption Reserve		**1175**		3325
Transfer to General Reserve		**7644**		10091
Interim Dividend on Preference Shares		**945**		224
Proposed Dividend		**7618**		5989
Tax on Dividend		**96**		662
			18999	24398
Balance Carried Forward			**15492**	17772
Significant Accounting Policies	22			
Notes on Accounts	23			

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

Mumbai, June 17, 2002.

For and on behalf of the Board
K.M. Sheth
Executive Chairman
Vijay K. Sheth
Managing Director
B.K. Sheth
Managing Director
R. N. Sethna
Director
Mumbai, June 14, 2002.

SCHEDULES Annexed to and forming part of the Balance Sheet as at March 31, 2002.

SCHEDULE "1" :
SHARE CAPITAL :

		(Rs. in lakhs)	Previous Year
AUTHORISED :			
30,00,00,000	(Previous Year 40,00,00,000) Equity Shares of Rs. 10 each	**30000**	40000
20,00,00,000	(Previous Year 10,00,00,000) Preference Shares of Rs. 10 each	**20000**	10000
		50000	50000
ISSUED :			
20,31,30,725	(Previous Year 21,83,41,943) Equity Shares of Rs. 10 each	**20313**	21834
9,50,00,000	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**9500**	9500
7,50,00,000	(Previous Year "Nil") 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**7500**	—
		37313	31334
SUBSCRIBED :			
20,25,66,934	(Previous Year 21,77,78,152) Equity Shares of Rs.10 each	**20257**	21778
9,50,00,000	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**9500**	9500
7,50,00,000	(Previous Year "Nil") 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**7500**	—
		37257	31278
PAID-UP :			
20,25,63,786	(Previous Year 21,77,75,004) Equity Shares of Rs.10 each fully paid up (Refer Note No. 2(b))	**20256**	21778
	Less : Calls in arrears (Rs. 41,609)	**—**	—
		20256	21778
	Add : Forfeited Shares (Rs. 30,358)	**—**	—
		20256	21778
9,50,00,000	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Cunvertible Preference Shares of Rs. 10 each	**9500**	9500
7,50,00,000	(Previous Year "Nil") 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**7500**	—
		37256	31278

Out of above 98,98,827 (Previous Year 1,06,42,164) shares are allotted as fully paid up pursuant to a contract without payment being received in cash.

(Rs. in lakhs)

SCHEDULE "2" :
RESERVES AND SURPLUS :

			Previous Year
(a) CAPITAL REDEMPTION RESERVE :			
As per last Balance Sheet	**4107**		—
Add : Transferred from Profit and Loss Account	**1521**		4107
		5628	4107
(b) INVESTMENT ALLOWANCE RESERVE :			
As per last Balance Sheet	**2629**		2629
Less: Transferred to Profit & Loss Account	**1800**		—
(Reserve fully utilised towards purchase of new ships)		**829**	2629
(c) RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 :			
As per last Balance Sheet	**24000**		10000
Less : Transferred to Profit & Loss Account	**7700**		—
	16300		10000
Add : Transferred from Profit and Loss Account	**12500**		14000
		28800	24000
(d) DEBENTURE REDEMPTION RESERVE :			
As per last Balance Sheet	**5525**		2200
Add : Transferred from Profit and Loss Account	**1175**		3325
		6700	5525
(e) FLEET CONTINGENCY RESERVE :			
As per last Balance Sheet	**—**		2408
Less: Transferred to General Reserve	**—**		2408
		—	—
(f) SHARE PREMIUM ACCOUNT :			
As per last Balance Sheet	**20787**		24673
Less: Utilised for buy back of Equity Shares	**2205**		3886
		18582	20787
(g) GENERAL RESERVE :			
As per last Balance Sheet	**12500**		6500
Less: Deferred taxation liability (net) as on April 1, 2001	**8144**		—
Less: Utilised for buy back of Equity Shares	**—**		6499
	4356		1
Add : Transferred from -			
- Fleet Contingency Reserve	**—**		2408
- Profit and Loss Account	**7644**		10091
		12000	12500
(h) PROFIT AND LOSS ACCOUNT		**15492**	17772
		88031	87320

(Rs. in lakhs)

SCHEDULE "3" :
SECURED LOANS :

		Previous Year
(a) Terms Loans :		
- From Banks	**54835**	46038
- From ICICI Ltd.	**—**	2159
Secured by mortgage of specific ships.		
(b) Non Convertible Debentures* :		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 100,000 each –		
- 13.75% redeemable on November 30, 2003.	**400**	400
- 13.75% redeemable on December 4, 2003.	**600**	600
- 14% redeemable on December 21, 2003.	**750**	750
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each –		
- 11.75% redeemable in five annual instalments from August 31, 2002 to August 31, 2006.	**2100**	2600
- 11.75% (part A-G) redeemable in five equal annual instalments from October, 2002 to October, 2006.	**1500**	1800
- 11.75% (series 1-7) redeemable in five annual instalments from November 29, 2002 to November 29, 2006.	**4300**	5300
- 12.10% (Part A-G) redeemable in five equal annual instalments from November 17, 2002 to November 17, 2006.	**1000**	1200
- 10.85% (series 1-3) redeemable on January 31, 2003.	**1500**	2000
- 10.45% redeemed on February 14, 2002.	—	3000
- 10.65% (series I - III) redeemable in three annual instalments from February 14, 2004 to February 14, 2006.	**3500**	3500
(iii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each –		
- 10.25 % (tranche 1-7) redeemable in seven annual instalments from May 25, 2002 to May 25, 2008.	**9000**	—
*Secured by mortgage of specified immovable properties and ships.		
	79485	69347

SCHEDULE "4" :
UNSECURED LOANS :

Floating Rate Notes Redeemable on October 30, 2003.	**13908**	13292
	13908	13292

Schedule "5" :
Fixed Assets :

(Rs. in lakhs)

Particulars	COST				DEPRECIATION				NET BLOCK
	As at April 1, 2001	Additions for the year [(Note 3(b)]	Deductions for the year [(Note 3(b)]	As at March 31, 2002	Upto March 31, 2001	Adjustments in respect of asset sold	For the year	Upto March 31, 2002	As at March 31, 2002
Fleet	**234965**	**40014**	**11111**	**263868**	**94450**	**7185**	**19253**	**106518**	**157350**
	244206	*7084*	*16325*	*234965*	*87033*	*10701*	*18118*	*94450*	*140515*
Plant & Machinery									
- Rigs and Barges	**4418**	**—**	**—**	**4418**	**4344**	**—**	**—**	**4344**	**74**
	4400	*18*	*—*	*4418*	*3788*	*—*	*556*	*4344*	*74*
- Given on lease	**1**	**—**	**—**	**1**	**1**	**—**	**—**	**1**	**—**
	281	*—*	*280*	*1*	*278*	*277*	*—*	*1*	*—*
- Others	**2567**	**—**	**420**	**2147**	**2271**	**288**	**27**	**2010**	**137**
	2567	*—*	*—*	*2567*	*1688*	*—*	*583*	*2271*	*296*
Land (Freehold & Perpetual Lease)	**4374**	**17**	**—**	**4391**	**—**	**—**	**—**	**—**	**4391**
	4382	*—*	*8*	*4374*	*—*	*—*	*—*	*—*	*4374*
Land (Leasehold)	**5**	**—**	**—**	**5**	**1**	**—**	**—**	**1**	**4**
	8	*—*	*3*	*5*	*1*	*—*	*—*	*1*	*4*
Ownership Flats and Office Premises*	**6701**	**38**	**786**	**5953**	**1190**	**50**	**241**	**1381**	**4572**
	3918	*2907*	*124*	*6701*	*931*	*31*	*290*	*1190*	*5511*
Furniture, Fixtures and Office Equipments	**2956**	**466**	**86**	**3336**	**1777**	**73**	**522**	**2226**	**1110**
	3007	*171*	*222*	*2956*	*1518*	*164*	*423*	*1777*	*1179*
Vehicles	**792**	**217**	**154**	**855**	**393**	**106**	**130**	**417**	**438**
	596	*304*	*108*	*792*	*349*	*68*	*112*	*393*	*399*
Goodwill	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	264	*—*	*264*	*—*	*—*	*—*	*—*	*—*	*—*
SUB-TOTAL	**256779**	**40752**	**12557**	**284974**	**104427**	**7702**	**20173**	**116898**	**168076**
	263629	*10484*	*17334*	*256779*	*95586*	*11241*	*20082*	*104427*	*152352*
Ships under construction									**12950**
									9192
									181026
									161544

* The Ownership Flats & Office Premises include Rs. 15,770 (Previous Year Rs. 24,570), being value of shares held in various co-operative societies.
Previous year figures are in italics.

(Rs. in lakhs)

SCHEDULE "6" :

INVESTMENTS :

			Previous Year
(a) Long Term Investments : (at Cost)			
(i) Equity Shares	**2816**		2617
(ii) Debentures & Bonds	**—**		2000
		2816	4617
(b) Current Investments : (at lower of cost and fair value)			
(i) Government Securities	**8779**		1411
(ii) Equity Shares	**62**		211
		8841	1622
		11657	6239
Less : Provision for diminution in value of long term investments.		**800**	—
		10857	6239
Aggregate Book Value of Quoted Investments		**8841**	3622
Aggregate Book Value of Unquoted Investments		**2016**	2617
Market Value of Quoted Investments		**8841**	3642

SCHEDULE "7" :

INVENTORIES :

(a) Fuel oils	**833**	1380
(b) Commodities	**—**	1911
(c) Properties for sale	**474**	1400
(d) Property development work-in-progress	**4720**	6251
	6027	10942

SCHEDULE "8" :

SUNDRY DEBTORS :

(Unsecured)

(a) Debts outstanding over six months:		
Considered good	**197**	1709
Considered doubtful	**431**	9
	628	1718
(b) Other Debts:		
Considered good	**7361**	6255
	7989	7973
Less : Provision for doubtful debts	**431**	9
	7558	7964

(Rs. in lakhs)

SCHEDULE "9" :
CASH AND BANK BALANCES :

			Previous Year
(a) Cash on hand		**9**	10
(b) Balances with scheduled banks :			
On Current Account	**553**		1189
On Deposit Account	**18021**		1800
		18574	2989
(c) Balances with other banks :			
On Call Deposits with ABN AMRO Bank, London (Maximum Balance Rs. 24181 lakhs, Previous Year Rs.19404 lakhs)	**19627**		18835
On current account with ABN AMRO Bank, Dubai (Maximum Balance Rs. 15 lakhs, Previous year Rs. "Nil")	**2**		—
		19629	18835
		38212	21834

SCHEDULE "10" :
OTHER CURRENT ASSETS :

			Previous Year
(a) Interest accrued on Investments and Deposits		**268**	181
(b) Accrued Income		**481**	563
(c) Insurance claims receivable :			
Considered good	**251**		—
Considered doubtful	**47**		79
	298		79
Less : Provision for Doubtful Claims	**47**		79
		251	—
		1000	744

SCHEDULE "11" :
LOANS AND ADVANCES :

(Unsecured - considered good, unless otherwise stated)

		Previous Year
(a) Advances recoverable in cash or in kind or for value to be received :		
- Considered Good	**3559**	6178
- Considered Doubtful	**305**	—
(b) Advance to Subsidiaries :		
- The Great Eastern (Fujairah) L.L.C. (maximum balance during the year – Rs. 1609 lakhs, Previous Year Rs. 1609 lakhs)	**707**	1609
- The Great Eastern Shipping Co,. London, Limited (maximum balance during the year – Rs. 5641 lakhs, Previous Year Rs. "Nil")	**—**	5641
(c) Agents' current accounts	**324**	508
(d) Balances with Customs, Port Trust etc.	**39**	86
(e) Term deposits with companies	**14**	1247
	4948	15269
Less : Provision for Doubtful Advances	**305**	—
	4643	15269

(Rs. in lakhs)

SCHEDULE "12" :

CURRENT LIABILITIES :

			Previous Year
(a) Sundry Creditors		**7777**	11579
(b) Due to a Subsidiary Company		**39**	13
(c) Unclaimed Dividends		**273**	231
(d) Other Liabilities		**3995**	4551
(e) Interest accrued but not due		**1196**	1765
(f) Managerial Remuneration payable		**291**	220
		13571	18359

SCHEDULE "13" :

PROVISIONS :

			Previous Year
(a) Provision for Taxation (Net of Advance tax and tax deducted at source)		**197**	246
(b) Proposed Dividend		**7618**	5989
(c) Tax on proposed dividend		**—**	611
(d) Retirement leave encashment benefit		**204**	205
		8019	7051

SCHEDULE "14" :

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

			Previous Year
(a) Share Issue Expenses :			
As per last Balance Sheet	**421**		478
Add : Expenditure incurred during the year	**20**		382
	441		860
Less : Amortised during the year	**228**		439
		213	421
(b) De-merger Expenses :			
As per last Balance Sheet	**839**		1118
Less : Amortised during the year	**279**		279
		560	839
(c) Deferred Revenue Expenditure :			
As per last Balance Sheet	**789**		513
Add: Expenditure incurred during the year	**411**		751
	1200		1264
Less : Amortised during the year	**312**		475
		888	789
		1661	2049

SCHEDULES Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2002.

SCHEDULE "15" :
INCOME FROM OPERATIONS :

		(Rs. in lakhs)	Previous Year
Freight and Demurrage		**39179**	33647
Charter Hire		**58223**	55683
Profit on sale of Ships		**58**	3598
Turnover -			
- Property Development	**3509**		1601
- Commodities Trading	**3732**		7438
		7241	9039
Contract Revenue (Gross) (Income-tax deducted at source Rs. 210 lakhs, Previous Year Rs.195 lakhs)		**12016**	9304
Miscellaneous Receipts		**584**	395
		117301	111666

SCHEDULE "16" :
INTEREST EARNED (GROSS) :

		Previous Year
On Term Deposits	**564**	1449
On Government Securities and Public sector Bonds	**136**	294
On Call deposit account	**473**	374
Others (Income tax deducted at source Rs. 115 lakhs Previous Year Rs. 359 lakhs)	**136**	167
	1309	2284

SCHEDULE "17" :
OTHER INCOME :

		Previous Year
Dividend -		
- from subsidiary companies	**20**	—
- from others	**305**	153
	325	153
Gain on foreign currency transactions (Net)	**377**	126
Profit on sale of sundry assets (Net)	**—**	7
Provision for diminution in value of long term investments written back	**—**	575
Miscellaneous Income	**323**	691
	1025	1552

SCHEDULE "18" :
OPERATING EXPENSES :

			(Rs. in lakhs) Previous Year
(a) FLEET :			
Direct:			
Fuel Oil and Water	**6416**		5417
Port, Light and Canal Dues	**2927**		2471
Stevedoring, Despatch & Cargo Expenses	**389**		338
Hire of chartered ships	**6336**		6204
Brokerage & Commission	**2187**		2037
Agency Fees	**315**		285
Others:			
Wages, Bonus and Other Expenses on Floating Staff	**8624**		8861
Gratuity	**195**		89
Contribution to Provident & other Funds	**82**		153
Stores	**2596**		3323
Repairs & Maintenance - Fleet (Including Deferred Revenue Expenditure Written off Rs. 159 lakhs, Previous Year Rs. 96 lakhs)	**11412**		9754
Insurance & Protection Club Fees	**2434**		2052
Vessel Management Fees	**2127**		2330
Sundry Steamer Expenses	**803**		404
		46843	43718
(b) COST OF SALES - PROPERTY DEVELOPMENT :			
Opening Stock -			
- Properties for sale	**1400**		2902
- Development work-in-progress	**6251**		6863
	7651		9765
Add : Expenses during the year -			
- Project Management Fees	**1424**		388
- Other project expenses	**32**		53
	9107		10206
Less : Properties capitalised / transferred	**—**		82
	9107		10124
Less : Closing Stock -			
- Properties for sale	**474**		1400
- Development work-in-progress	**4720**		6251
		3913	2473
	c/f	**50756**	46191

SCHEDULE "18" : (Contd.)

			(Rs. in lakhs) Previous Year
	b/f	**50756**	46191
(c) COST OF SALES - COMMODITIES TRADING :			
Opening Stock	**1911**		2330
Add : Purchases	**1501**		6486
Freight	**16**		29
Brokerage & Commission	**21**		47
Insurance	**2**		2
Warehousing, Handling & Other charges	**74**		237
Claims written off	**32**		—
	1646		6801
Less : Closing Stock	**—**		1911
		3557	7220
(d) OIL & GAS DIVISION :			
Manpower	**174**		228
Salary & Allowances	**858**		718
Gratuity	**13**		3
Contribution to Provident & other Funds	**39**		43
Commissary & Quarters	**206**		297
Insurance	**506**		377
Travelling	**64**		80
Repairs & Maintenance (Including Deferred Revenue Expenditure written off Rs. "Nil", Previous Year Rs. 336 lakhs)	**1719**		2147
Fuel, Water & Supplies	**562**		1114
Others	**1731**		873
		5872	5880
(e) Loss on Investments (Net) :			
Loss on sale of long term investments	**—**		165
Profit on sale of current investments	**(249)**		(164)
Diminution in value of current investments written off	**42**		1516
Provision for diminution in value of long term investments	**800**		—
Investments written off	**20**		—
		613	1517
		60798	60808

SCHEDULE "19" :
ADMINISTRATION AND OTHER EXPENSES :

(Rs. in lakhs)

			Previous Year
(a) ADMINISTRATION EXPENSES :			
Staff Expenses -			
- Salaries & Bonus	**2419**		1819
- Staff Welfare Expenses	**143**		191
- Gratuity	**49**		46
- Contribution to Provident & Other Funds	**108**		137
		2719	2193
Rent		**58**	147
Insurance		**26**	22
Repairs and Maintenance -			
- Buildings	**324**		286
- Others	**49**		83
		373	369
Travelling Expenses		**444**	380
Loss on sale of sundry assets (Net)		**100**	—
Property Taxes		**51**	37
Legal & Professional fees		**1061**	732
Postage, Telephone & Telex expenses		**368**	382
Electricity expenses		**135**	139
Conveyance expenses		**183**	193
Miscellaneous Expenses		**997**	826
Auditors' Remuneration (including service tax) :			
- Audit Fees	**23**		19
- In Other Capacity -			
Tax Audit	**2**		2
Taxation	**7**		5
Advisory services & Certification	**13**		6
Reimbursement of expenses (Rs. 15,844)	**—**		—
		45	32
Donations		**21**	21
Directors' Fees		**5**	2
(b) OTHER EXPENSES :			
Share issue expenses written off	**228**		439
Expenses on buy back of shares written off	**38**		146
De-merger expenses written off	**279**		279
Bad Debts written off	**492**		645
Provision for Doubtful Debts & Advances	**736**		—
Goodwill written off	**—**		264
Doubtful Advances written off	**—**		49
		1773	1822
		8359	7297

SCHEDULE "20" :
INTEREST AND FINANCE CHARGES :

		(Rs. in lakhs)	Previous Year
Interest -			
- Fixed Loans		**4793**	6811
- Other Loans		**10**	253
Finance charges		**477**	110
		5280	7174
Less : Pre-delivery interest capitalised		**253**	—
		5027	7174

SCHEDULE "21" :
EXTRAORDINARY ITEMS & PRIOR PERIOD ADJUSTMENTS :

Income tax for prior years (including Rs. 887 lacs - extraordinary item)		**1295**	100
Short provision for expenses		**37**	47
		1332	147
Less : Excess provisions written back	**109**		59
Sundry balances written back	**136**		—
Excess provision for dividend in previous year (including tax on dividend)	**56**		—
		301	59
		1031	88

SCHEDULE “22” :

SIGNIFICANT ACCOUNTING POLICIES :

(a) Accounting Convention :

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

(b) Fixed Assets :

Fixed assets are stated at cost of acquisition including interest during construction period, if any, less accumulated depreciation. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of such assets are adjusted to the carrying cost of the respective assets.

(c) Investments :

(i) Investments are classified into long term and current investments.

(ii) Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.

(iii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

(d) Inventories :

Inventories are valued as under :

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

(e) Incomplete voyages :

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

(f) Miscellaneous Expenditure :

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

(ii) De-merger expenses are being amortised over a period of five years.

(iii) Deferred revenue expenditure –

– Expenditure on refurbishing and major repairs to rigs.	—	31 to 36 months
– Hold blasting and painting expenditure	—	5 years
– Compensation payable under voluntary retirement scheme	—	5 years

(g) Income recognition :

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

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

(h) Property development - Long Term Contracts :

Income from long term property development activity is recognised on the percentage of completion basis, based on costs incurred and the expected costs to completion. As the development contracts extend beyond one or more years, revision in costs and earnings estimated during the course of the contract are reflected in the accounting period in which the facts requiring revision become known. Turnover represents the value of properties sold proportionate to work completed during the year. Costs incurred are apportioned to sales on the basis of area sold and those relating to unsold properties are carried as development work-in-progress.

(i) Operating expenses :

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

(j) Retirement benefits :

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and leave encashment in respect of all eligible employees of the Company. The gratuity and leave encashment liability is evaluated at the year end on the basis of actuarial valuations.

(k) Depreciation :

(i) Fleet :

On the straight line method so as to write off 95% of the original cost of the ship over the balance useful life or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The useful life as estimated by the management is as under:

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

(ii) Rigs and Barges :

On the straight line method so as to write off 95% of the original cost over the estimated useful life of 7 years.

(iii) Properties :

On the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(iv) Other Assets :

(1) Assets acquired prior to April 1, 1999 :

On the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(2) Assets acquired after April 1, 1999 :

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

Computers	-	3 years
Furniture & fixtures, Office Equipment, Vehicles etc	-	5 years
Plant & Machinery	-	10 years

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

(v) Depreciation on assets other than fleet, rigs and barges acquired and/or sold during the year is provided for the full year on additions and no depreciation is provided in the year of disposal.

(l) Foreign Exchange Transactions :

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. The difference between the standard rate and actual rate of settlement is dealt with in the profit and loss account, other than the exchange differences related to fixed assets.

(ii) Foreign currency loans relating to acquisition of fixed assets and remaining outstanding at the end of the year are translated at contract rates, when covered by forward exchange contracts and at year end rates in other cases. Gain or loss on repayment and translation of the aforesaid liabilities is adjusted to the carrying cost of such fixed assets.

(iii) Receivables, balances in bank and payables denominated in foreign currency outstanding at the end of the year are translated at closing rates. Premium or discount on forward exchange contracts is amortised over the period of the contract.

(iv) Realised gain or loss on cancellation of forward exchange contracts is recognised in the Profit & Loss Account of the year in which they are cancelled except in case of forward exchange contracts relating to liabilities incurred for acquiring fixed assets, in which case the gain or loss is adjusted to the carrying cost of such assets.

(v) Cross currency forward exchange contracts are evaluated at the year end whereby net loss, if any, is provided and net profit is not recognised.

(m) Provision for Taxation :

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

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

SCHEDULE "23":

NOTES ON ACCOUNTS :

1. Contingent Liabilities:
   (a) Guarantees given by Banks, counter guaranteed by the Company – Rs. 2377 lakhs [Previous Year Rs. 2812 lakhs].
   (b) Income tax / Sales tax demands against which the company has preferred appeals- Rs. 510 lakhs [Previous Year Rs. 356 lakhs].
   (c) Letters of credit outstanding Rs.128 lakhs. [Previous Year Rs. "Nil"].
   (d) Guarantee given on behalf of a Subsidiary Company – Rs.34 lakhs [Previous Year Rs. 33 lakhs].
   (e) Guarantee given to Bombay High Court Rs. 535 lakhs [Previous Year Rs. "Nil"].
2. Share Capital :
   (a) The 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10/- each issued during the year 2000-01 are redeemable on the expiry of 36 months from the date of allotment or earlier at the option of the Company as well as the shareholders after the expiry of 18 months. The 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10/- each issued during the current year are redeemable on the expiry of 48 months from the date of allotment or earlier at the option of the Company after the expiry of 30 months.
   (b) The company has during the year, bought back and extinguished its own 18,74,719 equity shares of Rs.10/- each at an average price of Rs.26.54 per share aggregating to Rs. 498 lakhs in continuation of its first buyback programme commenced in the previous year.

       In terms of the resolution passed by the shareholders at the annual general meeting held on July 26, 2001 authorising the Company to buyback its own equity shares under the second buyback programme, the Company has bought back 1,33,69,486 equity shares of Rs.10 each at an average price of Rs. 24.22 per share aggregating to Rs. 3238 lakhs up to March 31, 2002. Of the above, 1,33,36,499 equity shares have been extinguished upto March 31, 2002.

       The nominal value of the shares bought back and extinguished has been reduced from the paid-up share capital and the premium paid on buyback has been appropriated from the Share Premium account. Consequently, the Issued, Subscribed and Paid-up Capital of the Company has been reduced by Rs. 1522 lakhs.
   (c) Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, the allotment of 4,00,890 [Previous Year 4,00,890] right equity shares of the Company have been kept in abeyance in accordance with section 206 A of the Companies Act, 1956, till such time as the title of the bonafide owner is certified by the concerned Stock Exchanges. An additional 50,760 [Previous Year 50,760] shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange.
3. Fixed Assets :
   (a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 76857 lakhs [Previous Year Rs. 54723 lakhs] .
   (b) Additions to fixed assets includes Rs. 3743 lakhs (net) [Previous year Rs. 4744 lakhs] on account of increase/ decrease in the rupee liability on foreign currency loans consequent to fluctuation in exchange rates, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities.
4. Current Assets, Loans and Advances :
   (a) Property development work-in-progress include properties costing Rs.1342 lakhs [Previous Year Rs.1926 lakhs] which though in the possession of the Company have not been conveyed by the vendors. These properties will be conveyed to the Company or its nominees on completion of their development.
   (b) Advances recoverable in cash or in kind or for value to be received include loans to Executive Dy. Chairman - Rs. 13 lakhs (Previous Year – Rs. 11 lakhs) maximum amount due during the year - Rs.13 lakhs, to Managing Director - Rs.67 lakhs (Previous Year - Rs. 70 lakhs) maximum amount due during the year - Rs. 70 lakhs. The said loans have been granted under the Company's housing and other loan schemes for the employees.

5. The balances of debtors and creditors are subject to confirmation.
6. Current Liabilities :
   (a) Sundry Creditors include dues to Small Scale Industrial Undertakings - Rs. 1 lakh [Previous Year Rs. 1 lakh] . The Company does not owe any sum to Small Scale Industrial Undertakings exceeding Rs. 1 lakh, which is outstanding for more than 30 days.
   (b) Other liabilities include a provision of Rs.1666 lakhs for customs duty on import of spares / equipment for rigs. The said provision has been retained as per legal advice received by the company.
7. Profit and Loss Account :
   (a) The amount of exchange difference in respect of forward contracts to be recognised in the profit and loss account in the subsequent accounting period is Rs.43 lakhs [Previous Year Rs.11 lakhs].
   (b) Dividend comprises of dividend on long term investments - Rs. 20 lakhs [Previous Year Rs. 3 lakhs] and on current investments Rs. 305 lakhs [Previous Year Rs. 150 lakhs]. Interest Income comprises of income from long term investments Rs. 136 lakhs [Previous Year Rs. 294 lakhs] and on current investments Rs. “Nil” [Previous Year Rs. 1006 lakhs].
   (c) (i) Managerial Remuneration paid/payable to Directors for the year is as follows:

		For the Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
(a)	Salaries	**37**	35
(b)	Contribution to Provident and Superannuation Funds	**10**	9
(c)	Perquisites [including Rs. 5 lakhs (Previous Year Rs. 3 lakhs) for Gas, Electricity and Furnishings evaluated as per Income-tax Rules]	**42**	31
(d)	Commission	**291**	220
	TOTAL :	**380**	295

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

Profit before tax as per Profit and Loss a/c		**25278**		20141
Add : Managerial Remuneration	**380**		295	
Directors’ Fees	**5**		2	
Prior period adjustments (excluding income tax adjustments)	**208**		12	
Loss on Investments	**862**		1517	
Provision for doubtful debts and advances	**736**		-	
Depreciation as per books	**20173**		20082	
		22364		21908
		47642		42049
Less : Profit on Sale of Investments	**249**		-	
Provision for doubtful debts and advances w/back	**33**		-	
Depreciation under Sec. 350 of the Companies Act, 1956.	**20173**		20082	
Capital profit on sale of Sundry Assets (Rs. 40,879)	**-**		23	
Capital profit on sale of Ships	**-**		7	
Provision for diminution in value of long term investments written back	**-**		575	
		20455		20687
Net Profit as per Section 349 of the Companies Act, 1956.		**27187**		21362
11% of Net Profit as computed above		**2991**		2350
Commission payable (as approved by the Board of Directors)		**291**		220
Total Managerial remuneration (including commission)		**380**		295

(Rs. in lakhs)

			Previous Year
8. Basic and diluted earnings per share:			
(a) Profit for the year after tax.		**20750**	17741
Less : Extraordinary Items and Prior Years' adjustments		**1031**	88
Interim dividend on Preference Shares		**945**	224
Tax on interim dividend on Preference Shares		**96**	51
Net Profit after tax for Equity Shareholders		**18678**	17378
(b) Equity Share Capital as on April 1, 2001		**21778**	25884
Less : Extinguishment of Shares on first buy back		**188**	4106
Extinguishment of Shares on second buy back		**1334**	-
Equity Share Capital as on March 31, 2002		**20256**	21778
Weighted average of Equity Share Capital during the year		**21206**	25351
(c) Face value of Equity Share in Rs.		**10**	10
(d) Basic and diluted earnings per share in Rs.		**8.8**	6.9
9. Segment Reporting :			
(a) Primary segment reporting by business segment			
I) Segment Revenue:			
Income from Operations & sales:			
Shipping		**85075**	77217
Offshore		**24792**	21635
Others		**7376**	9216
Total		**117243**	108068
Less : Inter Segment Revenue		**—**	—
Net Income from Operations & Sales		**117243**	108068
II) Segment Results:			
Profit / (Loss) before tax and interest:			
Shipping		**24024**	23452
Offshore		**9128**	7104
Others		**(750)**	(650)
Total		**32402**	29906
Less: Interest:			
Shipping	**4176**		5585
Offshore	**708**		733
Others	**143**		856
Total		**5027**	7174
Less: Other unallocable expenditure net off unallocable income:			
(i) Corporate Administration expenses	**1552**		1463
(ii) Share Issue & buy back expenses, De-meger expenses etc.	**545**		1128
Total		**2097**	2591
Total Profit before tax		**25278**	20141
III) Segment assets:			
Shipping		**145501**	137357
Offshore		**38065**	32245
Others		**67418**	57045
Total		**250984**	226647

(Rs. in lakhs)

		Previous Year
IV) Segment liabilities:		
Shipping	**84578**	76224
Offshore	**18440**	15991
Others	**22679**	15834
Total	**125697**	108049
V) Capital expenditure:		
Shipping	**31932**	4682
Offshore	**8082**	2420
Others	**738**	3382
Total	**40752**	10484
VI) Depreciation:		
Shipping	**16950**	16061
Offshore	**2326**	3189
Others	**897**	832
Total	**20173**	20082
VII) Amortisation and other non cash expenditures:		
Shipping	**187**	111
Offshore	**28**	22
Others	**534**	988
Total	**749**	1121

(b) Secondary segment reporting by geographical segment :

(i) Segment-wise Revenue :

Revenue from customers outside India	**47004**
Revenue from customers within India	**70239**
Total	**117243**

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

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

10. Deferred tax :

(a) The Company has adopted Accounting Standard 22 "Accounting for Taxes on Income" with effect from April 1, 2001. The accumulated net deferred tax liability as on April 1, 2001 amounting to Rs. 8144 lakhs on account of timing differences between book and tax profits has been debited to General Reserve Account.

(b) The break up of net deferred tax liability as on March 31, 2002 is as under:

	(Rs.in lakhs)
Deferred tax liabilities:	
Difference between book and tax depreciation	11652
Pre-delivery interest and other expenditure capitalised	102
Deferred revenue expenditure on hold blasting & painting	136
	11890

	(Rs.in lakhs)
Deferred tax assets:	
Expenditure disallowable under section 43B	701
Diminution in value of investments	858
Provision for doubtful debts and advances	259
	1818
Net deferred tax liability	10072

11. Related Party Disclosures:

(i) List of Related Parties

(a) Parties where control exists :

Subsidiary Companies :

The Great Eastern Shipping Co.London Ltd.
The Greatship (Singapore) Pte. Ltd.
The Great Eastern (Fujairah) L.L.C.-FZC

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

Associates:

Business Standard Limited
P&O Travel India Limited.

Joint Ventures :

Great Ocean Shipping Services Limited

Individuals exercising control or significant influence:

Mr. K.M.Sheth
Mr. Sudhir J.Mulji
Mr. Vijay K.Sheth
Mr. Bharat K.Sheth
Mr. Rusi N.Sethna
Mr. K.P.Byramjee
Mr. A.K.Parikh
Mrs. Asha V. Sheth
Mr. Manu R.Shroff
Mr. T.N.Pandey

Relatives of Directors:

Mr. Sevantilal M.Sheth
Mr. Ravi K.Sheth
Ms. Ketaki V.Sheth

Other related parties:

M/s. Maneksha & Sethna - Solicitor
Howe Robinson & Co. Ltd. - Broker
Bhiwandiwalla & Company

		(Rs. in lakhs)
(ii)	Transactions with related parties:	
1)	Dividend received from Subsidiary	20
2)	Interest received on loans -	
	- From Subsidiary	65
	- From Associates	30
	- From Individuals exercising control or significant influence	2
3)	Expenditure on Agency payments, Bareboat Charter Hire, Rent, Newspaper advertisements ,Travel Bills, Professional fees –	
	- Subsidiaries	1109
	- Associates	373
	- Other related parties	23
4)	Remuneration paid –	
	- Individuals exercising control or significant influence	380
	- Relatives of directors	8
5)	Capital expenditure –	
	- Subsidiary	11560
	- Other related parties	17
6)	Investments during the year – Associates	199
7)	Loans disbursed to –	
	- Individuals exercising control or significant influence	1
8)	Loan repayments by –	
	- Subsidiaries	6626
	- Associates	208
	- Individuals exercising control or significant influence	2
9)	Surrender of Tenancy rights in respect of godown	
	- Other related parties	-
10)	Outstanding balances as at March 31, 2002 –	
	Loans & Advances -	
	- Subsidiary	708
	- Associates	14
	- Individuals exercising control or significant influence	80
	Sundry Creditors -	
	- Subsidiary	40
	- Associates	10
	- Other related parties	2

12. Information pursuant to para 4D of Part II of Schedule VI of the Companies Act, 1956 has not been given in view of exemption granted by the Department of Company Affairs, vide order no.46/23/2002/CL-III dated March 11, 2002.

13. Particulars of Investments: **(Rs. in lakhs)**

	Face value Rs.	No. of Units		Previous Year No. of Units	
(a) LONG TERM INVESTMENTS (at cost)					
(i) Equity Shares :					
Unquoted - Subsidiaries					
The Great Eastern Shipping Co. London Ltd. of Stg. Pound 10 each		**16,000**	**26**	16,000	26
The Great Eastern (Fujairah) L.L.C. - FZC of US$ 1 each		**1,50,000**	**66**	1,50,000	66
The Greatship (Singapore) Pte. Ltd. of S$ 1 each		**5,00,000**	**115**	5,00,000	115
			207		207
Unquoted - Others					
Great Ocean Shipping Services Ltd. of Stg. Pound 1 each		**1,96,000**	**119**	1,96,000	119
P & O Travel India Ltd.	**10**	**8,75,000**	**88**	8,75,000	88
Business Standard Limited	**10**	**1,67,85,787**	**2402**	1,47,98,205	2203
			2609		2410
(ii) Debentures/Bonds :					
Quoted :					
13.00% The Industrial Credit and Investment Corporation of India Ltd., 2001			**—**	2,000	2000
			—		2000
Total - Long term investments			**2816**		4617
(b) CURRENT INVESTMENTS (at lower of cost and fair value)					
(i) Government Securities :					
Quoted :					
364 Day Treasury Bills, 2001	**15,00,00,000**		**—**		1411
364 Day Treasury Bills, 2002	**45,00,00,000**		**4369**		—
91 Day Treasury Bills, 2002	**44,50,00,000**		**4410**		—
			8779		1411
(ii) Equity Shares :					
Quoted - Fully Paid					
Prime Securities Ltd.	**10**	**25,33,699**	**62**	46,61,324	191
Vijay Textiles Ltd.	**10**	**1,97,300**	**—**	1,97,300	20
			62		211
Total - Current investments			**8841**		1622
Total investments			**11657**		6239
Less : Provision for diminution in value of long term investments			**800**		—
Grand Total			**10857**		6239

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

14. Particulars of Investments Purchased and Sold during the year :-

(a) **Government Securities :**

	Face Value Rs.	Previous Year Face Value Rs.
182 - Day, Treasury Bills, 2001	**12,00,00,000**	15,00,00,000
364 - Day, Treasury Bills, 2001	**50,00,000**	35,00,00,000
364 - Day, Treasury Bills, 2002	**45,00,00,000**	15,00,00,000
14 - Day, Treasury Bills, 2001	**11,00,00,000**	11,62,75,000
91 - Day, Treasury Bills, 2001	**30,50,00,000**	—
91 - Day, Treasury Bills, 2002	**61,38,00,000**	—
91 - Day, Treasury Bills, 2000	**—**	11,00,00,000
182 - Day, Treasury Bills, 2000	**—**	5,00,00,000

(b) **Equity Shares :**

	Face Value Rs.	No. of Shares	Face Value Rs.	No. of Shares
Kopran Drugs Limited	**—**	**—**	10	800

(c) **Commercial Paper :**

	Face Value Rs.	Face Value Rs.
Larsen & Toubro Limited, 2000	**—**	500

(c) **Mutual Funds**

	Face Value Rs.	No. of Units	Face Value Rs.	No. of Units
Alliance Cash Manager	**1,000**	**5,30,989**		—
Prudential ICICI Liquid Income Plan	**10**	**5,88,35,216**		—
Zurich India Liquidity Fund	**10**	**2,41,42,669**		—
Templeton India Liquid Fund	**10**	**4,56,90,468**		—
DSP Merrill Lynch Liquidity Fund	**10**	**1,17,36,164**		—
Birla Cash Plus	**10**	**2,30,86,293**		—
Grindlays Cash Fund	**10**	**50,88,131**		—
HDFC Liquid Fund	**10**	**1,50,62,339**		—
K Gilt Liquid Income Plan	**10**	**6,07,88,578**		—
K Gilt Unit Scheme 98 (Investment Plan) - Dividend		**—**	10	96,53,768
Alliance Liquid Income		**—**	10	36,01,810

15. Quantitative Information – Commodities Trading :

(a) Purchases and Sales :

		Purchases		Sales	
		Quantity	**Rs. in lakhs**	**Quantity**	**Rs. in lakhs**
Commodities	MT	**12807**	**1501**	***28273**	**3732**
		(59137)	(6486)	(66338)	(7438)

(b) Opening and Closing Stock :

		Opening Stock		Closing Stock	
		Quantity	**Rs. in lakhs**	**Quantity**	**Rs. in lakhs**
Commodities	MT	**15443**	**1910**	**-**	**-**
		(22736)	(2330)	(15443)	(1910)

* Sales includes 22.689 m.t. being gain on account of moisture and packing material and is net of shortage on account of moisture loss and spillage. (Previous Year Figures are in Brackets)

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

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details :

Registration No.	6472of1948
State Code	11
Balance Sheet Date	31-03-2002

II. Capital Raised during the year :

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds :

	Amount (Rs. in lakhs)
Total Liabilities	250984
Total Assets	250984
Sources of Funds :	
Paid-up Capital	37256
Reserves & Surplus	88031
Secured Loans	79485
Unsecured Loans	13908
Deferred Taxation (Net)	10072
Application of Funds :	
Net Fixed Assets	181026
Investments	10857
Net Current Assets	35208
Misc. Expenditure	1661
Accumulated Losses	NIL

IV. Performance of Company :

	Amount (Rs. in lakhs)
Turnover	119635
Total Expenditure	94357
Profit/(Loss) Before Tax	25278
Profit/(Loss) After Tax	20750
Earning Per Share (In Rs.)	8.8
Dividend Rate (%)	40

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

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

CASH FLOW STATEMENT for the year ended on March 31, 2002.

	Rs. in lakhs	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX :	**25278**	20141
ADJUSTMENTS FOR :		
Prior year adjustments	**(1031)**	(88)
Depreciation	**20173**	20082
Interest earned	**(1309)**	(2284)
Interest paid	**5027**	7174
Dividend Received	**(325)**	(153)
Provision for diminution in value of long term investments written back	**—**	(575)
Loss on investments (Net)	**613**	1517
(Profit)/Loss on sale of Sundry assets	**100**	(7)
Share issue expenses written off	**228**	439
Goodwill written off	**—**	264
De-merger expenses written off	**279**	279
Expenses on buy back of shares written off	**38**	146
Doubtful advances written off/provided	**1187**	692
Discount on FRN bought back	**—**	(57)
Revenue Expenditure Deferred	**(411)**	(751)
Deferred Revenue Expenditure written off	**312**	475
Foreign exchange	**(526)**	415
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**49633**	47709
ADJUSTMENTS FOR :		
Trade & Other Receivables	**8407**	125
Inventories	**4915**	1827
Incomplete Voyages (Net)	**704**	(134)
Trade Payables	**(5740)**	(571)
CASH GENERATED FROM OPERATIONS :	**57919**	48956
Tax Paid	**(2649)**	(1982)
NET CASH FLOW FROM OPERATING ACTIVITIES :	**55270**	46974
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(40508)**	(14857)
*Sale of fixed assets	**4755**	5837
Purchase of Investments	**(63605)**	(14413)
Sale of Investments	**58374**	17836
Interest received	**1222**	2288
Dividend received	**325**	153
Term Deposits with Companies	**1233**	2633
Investment in Vyaj Badla	**—**	4560
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**(38204)**	4037

	Rs. in Lakhs	Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of preference shares	**7500**	9500
Buy back of equity share capital	**(1267)**	(4372)
Premium on buy back of equity share capital	**(2205)**	(10385)
Proceeds from long term borrowings	**25591**	3500
Repayments of long term borrowings	**(17367)**	(26842)
Dividend paid	**(6892)**	(4078)
Tax on Dividend paid	**(707)**	(51)
Interest Paid	**(5849)**	(7614)
Share issue expenses	**(20)**	(382)
Expenses on buy back of shares	**(38)**	(146)
NET CASH USED IN FINANCING ACTIVITIES :	**(1254)**	(40870)
Net increase/(decrease) in cash and cash equivalents:	**15812**	10141
Cash and cash equivalents as at April 1, 2001 (See Note below) (Opening balance)	**21799**	11658
Cash and cash equivalents as at March 31, 2002 (See Note below) (Closing balance)	**37611**	21799

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

Note :

Cash and Cash Equivalents as on	March 31, 2002	March 31, 2001	March 31, 2000
Cash and Bank Balances	38212	21834	11745
Effect of exchange rate changes[Loss/(gain)]	(601)	(35)	(87)
Cash and Cash equivalents as restated	37611	21799	11658

For and on behalf of the Board

K.M. Sheth
Executive Chairman

Vijay K. Sheth
Managing Director

B.K. Sheth
Managing Director

Jayesh M. Trivedi
Company Secretary

R.N. Sethna
Director

Mumbai, June 14, 2002

AUDITORS' CERTIFICATE

The Board of Directors,

The Great Eastern Shipping Co. Ltd.

We have examined the above Cash Flow Statement of The Great Eastern Shipping Co. Ltd. for the year ended March 31, 2002. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with Bombay Stock Exchange and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated June 17, 2002 to the members of the Company.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, June 17, 2002

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

Mumbai, June 17, 2002

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF THE GREAT EASTERN SHIPPING COMPANY LTD. ON CONSOLIDATED FINANCIAL STATEMENT

To,
The Board of Directors of
The Great Eastern Shipping Company Ltd.

We have audited the attached consolidated balance sheet of **The Great Eastern Shipping Company Ltd.** and its subsidiary companies as at March 31, 2002 and also the related consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated 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. The financial statements of the subsidiary companies were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it related to the subsidiary companies is based solely on the report of the other auditors.

We conducted our audit in accordance with Auditing Standards generally acceped 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 check 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 finanical statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of The Great Eastern Shipping Company Ltd. and its subsidiary companies included in the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above give a true and fair view of the financial position of The Great Eastern Shipping Company Ltd. and its subsidiary companies as at March 31, 2002 and of the results of the operations and consolidated cash flows for the year then ended in conformity with generally accepted accounting principles in India.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, June 17, 2002.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

CONSOLIDATED BALANCE SHEET as at March 31, 2002.

	Schedule		(Rs. in lakhs)
SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	1	37256	
Reserves and Surplus	2	89922	
			127178
Loan Funds :			
Secured Loans	3	79998	
Unsecured Loans	4	13908	
			93906
Deferred taxation (Net)			10072
TOTAL			231156
APPLICATION OF FUNDS :			
Fixed Assets :	5		
Gross Block		289956	
Less : Depreciation		120200	
Net Block		169756	
Ships under construction		12950	
			182706
Investments	6		10650
Current Assets, Loans and Advances :			
Inventories	7	6027	
Sundry Debtors	8	7661	
Cash and bank balances	9	39490	
Other current assets	10	1200	
Loans and advances	11	4270	
		58648	
Less : Current liabilities and provisions :			
Current liabilities	12	13844	
Provisions	13	8023	
Incomplete voyages (Net)		642	
		22509	
Net Current Assets			36139
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14		1661
TOTAL			231156
Significant Accounting Policies	22		
Notes on Accounts	23		

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, June 17, 2002.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board
K.M. Sheth
Executive Chairman
Vijay K. Sheth
Managing Director
B.K. Sheth
Managing Director
R. N. Sethna
Director
Mumbai, June 14, 2002.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended March 31, 2002.

	Schedule		(Rs. in lakhs)
INCOME :			
Income from Operations	15		**123411**
Interest Earned	16		**1313**
Other Income	17		**1065**
			125789
EXPENDITURE :			
Operating Expenses	18	**65444**	
Administration & Other Expenses	19	**8551**	
Interest & Finance charges	20	**5169**	
Depreciation		**20779**	
			99943
Profit before tax			**25846**
Less : Provision for tax -			
- Current		**2603**	
- Deferred		**1928**	
			4531
Profit for the year after tax			**21315**
Less : Extraordinary items & Prior period adjustments	21		**1031**
			20284
Less : Transfer to Reserve under Section 33AC of the Income-tax Act, 1961			**12500**
			7784
Add : Transferred from -			
- Investment Allowance Reserve		**1800**	
- Reserve under section 33 AC of the Income-tax Act, 1961		**7700**	
			9500
			17284
Add : Surplus brought forward from previous year			**19078**
			36362
Less : Transfer to Capital Redemption Reserve		**1521**	
Transfer to Debenture Redemption Reserve		**1175**	
Transfer to General Reserve		**7644**	
Interim Dividend on Preference Shares		**945**	
Proposed Dividend		**7618**	
Tax on Dividend		**96**	
			18999
Balance Carried Forward			**17363**
Significant Accounting Policies	22		
Notes on Accounts	23		

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
Viraf R. Mehta
Partner

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
J.D. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board
K.M. Sheth
Executive Chairman
Vijay K. Sheth
Managing Director
B.K. Sheth
Managing Director
R. N. Sethna
Director
Mumbai, June 14, 2002.

Mumbai, June 17, 2002.

SCHEDULES Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2002.

(Rs. in lakhs)

SCHEDULE "1" :
SHARE CAPITAL :

AUTHORISED :		
30,00,00,000	Equity Shares of Rs. 10 each	**30000**
20,00,00,000	Preference Shares of Rs. 10 each	**20000**
		50000
ISSUED :		
20,31,30,725	Equity Shares of Rs. 10 each	**20313**
9,50,00,000	8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**9500**
7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**7500**
		37313
SUBSCRIBED :		
20,25,66,934	Equity Shares of Rs.10 each	**20257**
9,50,00,000	8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**9500**
7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**7500**
		37257
PAID-UP :		
20,25,63,786	Equity Shares of Rs.10 each fully paid up (Refer Note No. 3(b))	**20256**
	Less : Calls in arrears (Rs. 41,609)	—
		20256
	Add : Forfeited Shares (Rs. 30,358)	—
		20256
9,50,00,000	8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**9500**
7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**7500**
		37256

Out of above 98,98,827 shares are allotted as fully paid up pursuant to a contract without payment being received in cash.

(Rs. in lakhs)

SCHEDULE "2" :
RESERVES AND SURPLUS :

(a) CAPITAL REDEMPTION RESERVE :		
As per last Balance Sheet	4107	
Add : Transferred from Profit and Loss Account	1521	
		5628
(b) INVESTMENT ALLOWANCE RESERVE :		
As per last Balance Sheet	2629	
Less : Transferred to Profit & Loss Account	1800	
(Reserve fully utilised towards purchase of new ships)		829
(c) RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 :		
As per last Balance Sheet	24000	
Less : Transferred to Profit & Loss Account	7700	
	16300	
Add: Transferred from Profit and Loss Account	12500	
		28800
(d) DEBENTURE REDEMPTION RESERVE :		
As per last Balance Sheet	5525	
Add: Transferred from Profit and Loss Account	1175	
		6700
(e) DIVIDEND EQUALISATION RESERVE :		
As per last Balance Sheet		20
(f) SHARE PREMIUM ACCOUNT :		
As per last Balance Sheet	20787	
Less: Utilised for buy back of Equity Shares	2205	
		18582
(g) GENERAL RESERVE :		
As per last Balance Sheet	12500	
Less : Deferred taxation liability (net) as on April 1, 2001	8144	
	4356	
Add : Transferred from Profit and Loss Account	7644	
		12000
(h) PROFIT AND LOSS ACCOUNT		17363
		89922

(Rs. in lakhs)

SCHEDULE "3" :
SECURED LOANS :

(a) Terms Loans :	
- From Banks	**55348**
Secured by mortgage of specific ships	
(b) Non Convertible Debentures* :	
(i) Secured Redeemable Non-Convertible Debentures of Rs. 100,000 each -	
- 13.75% redeemable on November 30, 2003.	**400**
- 13.75% redeemable on December 4, 2003.	**600**
- 14% redeemable on December 21, 2003.	**750**
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -	
- 11.75% redeemable in five annual instalments from August 31, 2002 to August 31, 2006.	**2100**
- 11.75% (part A-G) redeemable in five equal annual instalments from October, 2002 to October, 2006.	**1500**
- 11.75% (series 1-7) redeemable in five annual instalments from November 29, 2002 to November 29, 2006.	**4300**
- 12.10% (part A-G) redeemable in five equal annual instalments from November 17, 2002 to November 17, 2006.	**1000**
-10.85% (series 1-3) redeemable on January 31, 2003.	**1500**
-10.65% (series I- III) redeemable in three annual instalments from February 14, 2004 to February 14, 2006.	**3500**
(iii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each -	
- 10.25% (tranche 1-7) redeemable in seven annual instalments from May 25, 2002 to May 25, 2008.	**9000**
* Secured by mortgage of specified immovable properties and ships.	
	79998

SCHEDULE "4" :
UNSECURED LOANS :

Floating Rate Notes	**13908**
Redeemable on October 30, 2003	
	13908

Schedule "5" :
Fixed Assets :

(Rs. in lakhs)

Particulars	COST				DEPRECIATION				NET BLOCK
	As at April 1, 2001	Additions for the year [Note 4(b)]	Deductions for the year [Note 4(b)]	As at March 31, 2002	UPTO March 31, 2001	Adjustments in respect of Assets sold	For the year	Upto March 31, 2002	As on March 31, 2002
Fleet	**255938**	**40039**	**27202**	**268775**	**100236**	**10327**	**19853**	**109762**	**159013**
Plant & Machinery									
- Rigs and Barges	**4418**	—	—	**4418**	**4344**	—	—	**4344**	**74**
- Given on lease	**1**	—	—	**1**	**1**	—	—	**1**	—
- Others	**2567**	—	**420**	**2147**	**2271**	**288**	**27**	**2010**	**137**
Land (Freehold & Perpetual Lease)	**4374**	**17**	—	**4391**	—	—	—	—	**4391**
Land (Leasehold)	**5**	—	—	**5**	**1**	—	—	**1**	**4**
Ownership Flats and Office Premises*	**6701**	**38**	**786**	**5953**	**1190**	**50**	**241**	**1381**	**4572**
Furniture, Fixtures and Office Equipments	**2987**	**467**	**86**	**3368**	**1798**	**73**	**525**	**2250**	**1118**
Vehicles	**835**	**217**	**154**	**898**	**424**	**106**	**133**	**451**	**447**
SUB-TOTAL	**277826**	**40778**	**28648**	**289956**	**110265**	**10844**	**20779**	**120200**	**169756**
Ships under construction									**12950**
									182706

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

(Rs. in lakhs)

SCHEDULE "6" :
INVESTMENTS :

(a) Long Term Investments : (at Cost)		
(i) Equity Shares		2609
(b) Current Investments : (at lower of cost and fair value)		
(i) Government Securities	8779	
(ii) Equity Shares	62	
		8841
		11450
Less : Provision for diminution in value of long term investments		800
		10650
Aggregate Book Value of Quoted Investments		8841
Aggregate Book Value of Unquoted Investments		1809
Market Value of Quoted Investments		8841

SCHEDULE "7" :
INVENTORIES :

(a) Fuel oils	833
(b) Properties for sale	474
(c) Property development work-in-progress	4720
	6027

SCHEDULE "8" :
SUNDRY DEBTORS :

(Unsecured)

(a) Debts outstanding over six months:	
Considered good	197
Considered doubtful	431
	628
(b) Other Debts:	
Considered good	7464
	8092
Less : Provision for doubtful debts	431
	7661

(Rs. in lakhs)

SCHEDULE "9" :
CASH AND BANK BALANCES :

(a) Cash on hand		9
(b) Balances with scheduled banks :		
On current account	818	
On deposit account	18252	
		19070
(c) Balances with other banks :		
On call deposits with ABN AMRO Bank, London (Maximum Balance Rs. 24181 lakhs)	19627	
On current account with ABN AMRO Bank, Dubai (Maximum Balance Rs. 245 lakhs)	43	
On term deposits with The Development Bank of Singapore Ltd., Singapore (Maximum Balance Rs. 118 lakhs)	118	
On current account with The Development Bank of Singapore Ltd., Singapore (Maximum Balance Rs. 112 lakhs)	76	
On current account with The Royal Bank of Scotland Plc, London (Maximum Balance Rs. 901 lakhs)	531	
On current account with The Hongkong and Shanghai Banking Corporation Ltd., Dubai (Maximum Balance Rs. 15 lakhs)	10	
On current account with UBS Philips & Drew (Maximum Balance Rs. 6 lakhs)	6	
		20411
		39490

SCHEDULE "10" :
OTHER CURRENT ASSETS :

(a) Interest accrued on Investments and Deposits		268
(b) Accrued Income		481
(c) Insurance claims receivable :		
Considered good	451	
Considered doubtful	47	
	498	
Less : Provision for Doubtful Claims	47	
		451
		1200

SCHEDULE "11" :
LOANS AND ADVANCES :

(Unsecured - considered good, unless otherwise stated)

(a) Advances recoverable in cash or in kind or for value to be received :	
Considered Good	3893
Considered Doubtful	305
(b) Agents' current accounts	324
(c) Balances with Customs, Port Trust etc.	39
(d) Term deposits with companies	14
	4575
Less : Provision for Doubtful Advances	305
	4270

(Rs. in lakhs)

SCHEDULE "12" :
CURRENT LIABILITIES :

(a) Sundry Creditors		8085
(b) Unclaimed Dividends		273
(c) Other Liabilities		3995
(d) Interest accrued but not due		1200
(e) Managerial Remuneration payable		291
		13844

SCHEDULE "13" :
PROVISIONS :

(a) Provision for Taxation (Net of Advance tax and tax deducted at source)		201
(b) Proposed Dividend		7618
(c) Retirement leave encashment benefit		204
		8023

SCHEDULE "14" :
MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

(a) Share Issue Expenses :		
As per last Balance Sheet	421	
Add : Expenditure incurred during the year	20	
	441	
Less : Amortised during the year	228	
		213
(b) De-merger Expenses :		
As per last Balance Sheet	839	
Less : Amortised during the year	279	
		560
(c) Deferred Revenue Expenditure :		
As per last Balance Sheet	789	
Add: Expenditure incurred during the year	411	
	1200	
Less : Amortised during the year	312	
		888
		1661

SCHEDULES Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2002.

(Rs. in lakhs)

SCHEDULE "15" :
INCOME FROM OPERATIONS :

Freight and Demurrage		**43952**
Charter Hire		**59550**
Turnover -		
- Property Development	**3509**	
- Commodities Trading	**3732**	
		7241
Contract Revenue (Gross)		**12016**
(Income-tax deducted at source Rs. 210 lakhs)		
Miscellaneous Receipts		**652**
		123411

SCHEDULE "16" :
INTEREST EARNED (GROSS) :

On Term Deposits	**592**
On Government Securities and	
Public Sector Bonds	**136**
On Call deposit account	**473**
Others	**112**
(Income tax deducted at source Rs. 115 lakhs)	
	1313

SCHEDULE "17" :
OTHER INCOME :

Dividend	**305**
Gain on foreign currency transactions (Net)	**437**
Miscellaneous Income	**323**
	1065

(Rs. in lakhs)

SCHEDULE "18" :
OPERATING EXPENSES :

(a) FLEET :		
Direct:		
Fuel Oil and Water	7672	
Port, Light and Canal Dues	4036	
Stevedoring, Despatch & Cargo Expenses	389	
Hire of chartered ships	6098	
Brokerage & Commission	2553	
Agency Fees	297	
Others:		
Wages, Bonus and Other Expenses on Floating Staff	9705	
Gratuity	195	
Contribution to Provident & Other Funds	82	
Stores	2922	
Repairs & Maintenance - Fleet (Including Deferred Revenue Expenditure Written off Rs. 159 lakhs)	11723	
Insurance & Protection Club Fees	2805	
Vessel Management Fees	2127	
Sundry Steamer Expenses	848	
		51452
(b) COST OF SALES - PROPERTY DEVELOPMENT :		
Opening Stock -		
- Properties for sale	1400	
- Development work-in-progress	6251	
	7651	
Add : Expenses during the year -		
- Project Management Fees	1424	
- Other project expenses	32	
	9107	
Less : Closing Stock -		
- Properties for sale	474	
- Development work-in-progress	4720	
		3913
	c/f	55365

		(Rs. in lakhs)
	b/f	55365

SCHEDULE "18" : (Contd.)

(c) COST OF SALES - COMMODITIES TRADING :		
Opening Stock	1911	
Add : Purchases	1501	
Freight	16	
Brokerage & Commission	21	
Insurance	2	
Warehousing, Handling & Other charges	74	
Claims written off	32	
		3557
(d) OIL & GAS DIVISION :		
Manpower	174	
Salary & Allowances	858	
Gratuity	13	
Contribution to Provident & Other Funds	39	
Commissary & Quarters	206	
Insurance	506	
Travelling	64	
Repairs & Maintenance	1719	
Fuel, Water & Supplies	562	
Others	1731	
		5872
(e) Loss on sale of Ships		37
(f) Loss on Investments (Net) :		
Profit on sale of current investments	(249)	
Diminution in value of current investments written of	42	
Provision for diminution in value of long term investments	800	
Investments written off	20	
		613
		65444

(Rs. in lakhs)

SCHEDULE "19" :
ADMINISTRATION AND OTHER EXPENSES :

(a) ADMINISTRATION EXPENSES :

Staff Expenses -		
- Salaries & Bonus	2495	
- Staff Welfare Expenses	148	
- Gratuity	49	
- Contribution to Provident & Other Funds	115	
		2807
Rent		81
Insurance		27
Repairs and Maintenance -		
- Buildings	324	
- Others	50	
		374
Travelling Expenses		461
Loss on sale of sundry assets (Net)		100
Property Taxes		51
Legal & Professional fees		1076
Postage, Telephone & Telex expenses		381
Electricity expenses		135
Conveyance expenses		189
Miscellaneous Expenses		1014
Auditors' Remuneration (including service tax) :		
- Audit Fees	33	
- In Other Capacity -		
Tax Audit	2	
Taxation	7	
Advisory services & Certification	13	
Reimbursement of expenses (Rs. 15,844)	—	
		55
Donations		21
Directors' Fees		6
		6778

(b) OTHER EXPENSES :

Share issue expenses written off	228	
Expenses on buy back of shares written off	38	
De-merger expenses written off	279	
Bad Debts written off	492	
Provision for Doubtful Debts & Advances	736	
		1773
		8551

(Rs. in lakhs)

SCHEDULE "20" :
INTEREST AND FINANCE CHARGES :

Interest -		
- Fixed Loans		**4934**
- Other Loans		**10**
Finance charges		**478**
		5422
Less : Pre-delivery interest capitalised		**253**
		5169

SCHEDULE "21" :
EXTRAORDINARY ITEMS & PRIOR PERIOD ADJUSTMENTS :

Income tax for prior years		**1295**
(Including Rs. 887 lacs - extraordinary item)		
Short provision for expenses		**37**
		1332
Less : Excess provisions written back	**109**	
Sundry balances written back	**136**	
Excess provision for dividend in previous year (including tax on dividend)	**56**	
		301
		1031

SCHEDULE "22" :

SIGNIFICANT ACCOUNTING POLICIES :

(a) **Accounting Convention** :

The consolidated financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles.

(b) **Fixed Assets** :

Fixed assets are stated at cost of acquisition including interest during construction period, if any, less accumulated depreciation. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of such assets are adjusted to the carrying cost of the respective assets.

(c) **Investments** :

(i) Investments are classified into long term and current investments.

(ii) Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.

(iii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

(d) **Inventories** :

Inventories are valued as under :

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

(e) **Incomplete voyages** :

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

(f) **Miscellaneous Expenditure** :

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

(ii) De-merger expenses are being amortised over a period of five years.

(iii) Deferred revenue expenditure :

-	Expenditure on refurbishing and major repairs to rigs.	-	31 to 36 months.
-	Hold blasting and painting expenditure	-	5 years
-	Compensation payable under voluntary retirement scheme	-	5 years

(g) **Income recognition** :

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

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

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

Income from long term property development activity is recognised on the percentage of completion basis, based on costs incurred and the expected costs to completion. As the development contracts extend beyond one or more years, revision in costs and earnings estimated during the course of the contract are reflected in the accounting period in which the facts requiring revision become known. Turnover represents the value of properties sold proportionate to work completed during the year. Costs incurred are apportioned to sales on the basis of area sold and those relating to unsold properties are carried as development work-in-progress.

(i) **Operating expenses** :

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

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

(iii) Expenses on account of general average claims/damages to ships are written off in the year in which they are incurred. Claims against the underwriters are accounted for on submission of average adjustment by the adjustors.

(j) **Retirement benefits** :

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and leave encashment in respect of all eligible employees of the Company. The gratuity and leave encashment liability is evaluated at the year end on the basis of actuarial valuations.

(k) **Depreciation :**

(i) Fleet :

On the straight line method so as to write off 95% of the original cost of the ship over the balance useful life or at rates prescribed under the Schedule XIV to the Indian Companies Act, 1956, whichever is higher. The useful life as estimated by the management is as under:

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

(ii) Rigs and Barges :

On the straight line method so as to write off 95% of the original cost over the estimated useful life of 7 years.

(iii) Properties :

On the written down value method, at the rates prescribed in Schedule XIV to the Indian Companies Act, 1956.

(iv) Other Assets :

(1) Assets acquired prior to April 1, 1999 :

On the written down value method, at the rates prescribed in Schedule XIV to the Indian Companies Act, 1956.

(2) Assets acquired after April 1, 1999 :

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

Computers	-	3 years
Furniture & fixtures, Office Equipment, Vehicles etc	-	5 years
Plant & Machinery	-	10 years

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

(v) Depreciation on assets other than fleet, rigs and barges acquired and/or sold during the year is provided for the full year on additions and no depreciation is provided in the year of disposal.

(l) **Foreign Exchange Transactions** :

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. The difference between the standard rate and actual rate of settlement is dealt with in the profit and loss account, other than the exchange differences related to fixed assets.

(ii) Foreign currency loans relating to acquisition of fixed assets and remaining outstanding at the end of the year are translated at contract rates, when covered by forward exchange contracts and at year end rates in other cases. Gain or loss on repayment and translation of the aforesaid liabilities is adjusted to the carrying cost of such fixed assets.

(iii) Receivables, balances in bank and payables denominated in foreign currency outstanding at the end of the year are translated at closing rates. Premium or discount on forward exchange contracts is amortised over the period of the contract.

(iv) Realised gain or loss on cancellation of forward exchange contracts is recognised in the Profit & Loss Account of the year in which they are cancelled except in case of forward exchange contracts relating to liabilities incurred for acquiring fixed assets, in which case the gain or loss is adjusted to the carrying cost of such assets.

(v) Cross currency forward exchange contracts are evaluated at the year end whereby net loss, if any, is provided and net profit is not recognised.

(m) **Provision for Taxation** :

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

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

SCHEDULE "23":

NOTES ON CONSOLIDATED ACCOUNTS :

1. Consolidation of Accounts :

(a) Basis of Preparation

The consolidated financial statements are prepared in accordance with Accounting Standard (AS 21) on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.

The subsidiary companies considered in the consolidated financial statements are :

Sr. No.	Name of the Company	Country of Incorporation	% of Holding
1.	The Great Eastern Shipping Co. London Ltd.	U.K.	100%
2.	The Greatship (Singapore) Pte. Ltd.	Singapore	100%
3.	The Great Eastern (Fujairah) L.L.C. – FZC	Fujairah	100%

(b) Previous Year's Figures :

Being the first year of adoption of AS 21, the comparative figures of the previous year have not been disclosed.

2. Contingent Liabilities:

(a) Guarantees given by Banks which are counter guaranteed – Rs. 2377 lakhs.

(b) Income tax / Sales tax demands against which appeals are preferred – Rs. 510 lakhs.

(c) Letters of credit outstanding – Rs.128 lakhs.

(d) Guarantee given to Bombay High Court – Rs. 535 lakhs.

3. Share Capital :

(a) The 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10/- each issued during the year 2000-01 are redeemable on the expiry of 36 months from the date of allotment or earlier at the option of the Company as well as the shareholders after the expiry of 18 months. The 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10/- each issued during the current year are redeemable on the expiry of 48 months from the date of allotment or earlier at the option of the Company after the expiry of 30 months.

(b) During the year, 18,74,719 equity shares of Rs.10/- each were bought back and extinguished at an average price of Rs.26.54 per share aggregating to Rs. 498 lakhs in continuation of first buyback programme commenced in the previous year.

In terms of the resolution passed by the shareholders at the annual general meeting held on July 26, 2001 authorising the buyback of equity shares under the second buyback programme, 1,33,69,486 equity shares of Rs.10/- each were bought back at an average price of Rs. 24.22 per share aggregating to Rs. 3238 lakhs up to March 31, 2002. Of the above, 1,33,36,499 equity shares have been extinguished upto March 31, 2002.

The nominal value of the shares bought back and extinguished has been reduced from the paid-up share capital and the premium paid on buyback has been appropriated from the Share Premium account. Consequently, the Issued, Subscribed and Paid-up Capital has been reduced by Rs. 1522 lakhs.

(c) Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, the allotment of 4,00,890 right equity shares have been kept in abeyance in accordance with section 206 A of the Indian Companies Act, 1956, till such time as the title of the bonafide owner is certified by the concerned Stock Exchanges. An additional 50,760 shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange.

4. Fixed Assets :

(a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 76857 lakhs.

(b) Additions to fixed assets include Rs. 3743 lakhs (net) on account of increase/decrease in the rupee liability on foreign currency loans consequent to fluctuation in exchange rates, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities.

5. Current Assets, Loan and Advances :

(a) Property development work-in-progress include properties costing Rs.1342 lakhs which though in the possession of the Company have not been conveyed by the vendors. These properties will be conveyed to the Company or its nominees on completion of their development.

(b) Advances recoverable in cash or in kind or for value to be received include loans to Executive Dy. Chairman - Rs. 13 lakhs, maximum amount due during the year - Rs.13 lakhs, to Managing Director - Rs.67 lakhs, maximum amount due during the year - Rs. 70 lakhs. The said loans have been granted under the housing and other loan schemes for the employees.

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

7. Current Liabilities :

(a) Sundry Creditors include dues to Small Scale Industrial Undertakings - Rs. 1 lakh. No other sums are owed to Small Scale Industrial Undertakings exceeding Rs. 1 lakh, which is outstanding for more than 30 days.

(b) Other liabilities include a provision of Rs.1666 lakhs for customs duty on import of spares / equipment for rigs. The said provision has been retained as per legal advice received by the company.

8. Profit and Loss Account :

(a) The amount of exchange difference in respect of forward contracts to be recognised in the profit and loss account in the subsequent accounting period is Rs.43 lakhs.

(b) Dividend comprises of dividend on current investments Rs.305 lakhs. Interest Income comprises of income from long term investments Rs.136 lakhs.

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

		(Rs. in lakhs)
(a)	Salaries	37
(b)	Contribution to Provident and Superannuation Funds	10
(c)	Perquisites [including Rs. 5 lakhs for Gas, Electricity and Furnishings evaluated as per Income-tax Rules]	42
(d)	Commission	291
	TOTAL :	380

(Rs. in lakhs)

(d) As at March 31, 2002 the following minimum lease payments are committed to be paid under operating leases :

Due within one year	:	16
Due within two to five years	:	2

9. Basic and diluted earnings per share:

(a) Profit for the year after tax		21315
Less: Extraordinary items & Prior Years' adjustments		1031
Interim dividend on Preference Shares		945
Tax on interim dividend on Preference Shares		96
Net Profit after tax for Equity Shareholders		19243
(b) Equity Share Capital as on April 1, 2001		21778
Less : Extinguishment of Shares on first buy back		188
Extinguishment of Shares on second buy back		1334
Equity Share Capital as on March 31, 2002		20256
Weighted average of Equity Share Capital during the year		21206
(c) Face value of Equity Share in Rs.		10
(d) Basic and diluted earnings per share in Rs.		9.1

10. Segment Reporting :

(a) Primary segment reporting by business segment

I) Segment Revenue:		
Income from Operations & sales:		
Shipping		91243
Offshore		24792
Others		7376
Total		123411
Less : Inter Segment Revenue		-
Net Income from Operations & Sales		123411
II) Segment Results:		
Profit / (Loss) before tax and interest:		
Shipping		24736
Offshore		9128
Others		(746)
Total		33118
Less : Interest:		
Shipping	4318	
Offshore	708	
Others	143	
Total		5169
Less : Other unallocable expenditure net off unallocable income:		
(i) Corporate Administration expenses	1558	
(ii) Share Issue & buy back expenses, De-meger expenses etc.	545	
Total		2103
Total Profit before tax		25846

	(Rs. in lakhs)
III) Segment assets:	
Shipping	146887
Offshore	38065
Others	68713
Total	253665
IV) Segment liabilities:	
Shipping	85368
Offshore	18440
Others	22679
Total	126487
V) Capital expenditure:	
Shipping	31957
Offshore	8082
Others	739
Total	40778
VI) Depreciation:	
Shipping	17550
Offshore	2326
Others	903
Total	20779
VII) Amortisation and other non cash expenditures:	
Shipping	187
Offshore	28
Others	534
Total	749

(b) Secondary segment reporting by geographical segment

Segment-wise Revenue :	
Revenue from customers outside India	52795
Revenue from customers within India	70616
Total	123411

11. Deferred tax :

(a) The accumulated net deferred tax liability as on April 1, 2001 amounting to Rs. 8144 lakhs on account of timing differences between book and tax profits has been debited to General Reserve Account.

(b) The break up of net deferred tax liability as on March 31, 2002 is as under: **(Rs.in lakhs)**

Deferred tax liabilities:	
Difference between book and tax depreciation	11652
Pre-delivery interest and other expenditure capitalised	102
Deferred revenue expenditure on hold blasting & painting	136
	11890
Deferred tax assets:	
Expenditure disallowable under section 43B	701
Diminution in value of investments	858
Provision for doubtful debts and advances	259
	1818
Net deferred tax liability	10072

12. Related Party Disclosures:

(i) List of Related Parties

Related parties with whom transactions have taken place during the year

Associates:

Business Standard Limited

P&O Travel India Limited.

Joint Ventures :

Great Ocean Shipping Services Limited

Individuals exercising control or significant influence:

Mr. K.M.Sheth

Mr. Sudhir J.Mulji

Mr. Vijay K.Sheth

Mr. Bharat K.Sheth

Mr. Rusi N.Sethna

Mr. K.P.Byramjee

Mr. A.K.Parikh

Mrs. Asha V. Sheth

Mr. Manu R.Shroff

Mr. T.N.Pandey

Relatives of Directors:

Mr. Sevantilal M.Sheth

Mr. Ravi K.Sheth

Ms. Ketaki V.Sheth

Other related parties:

M/s. Maneksha & Sethna - Solicitor

Howe Robinson & Co. Ltd. - Broker

Bhiwandiwalla & Company

(Rs. in lakhs)

(ii) Transactions with related parties:

1) Interest received on loans -	
- From Associates	30
- From Individuals exercising control or significant influence	2
2) Expenditure on Agency payments, Bareboat Charter Hire, Rent, Newspaper advertisements ,Travel Bills, Professional fees, Commission & brokerage -	
- Associates	373
- Other related parties	94
3) Remuneration paid –	
- Individuals exercising control or significant influence	380
- Relatives of directors	8
4) Capital expenditure –	
- Other related parties	17
5) Investments during the year – Associates	199
6) Loans disbursed to –	
- Individuals exercising control or significant influence	1
7) Loan repayments by –	
- Associates	208
- Individuals exercising control or significant influence	2
8) Surrender of Tenancy rights in respect of godown	
- Other related parties	–
9) Outstanding balances as at March 31, 2002 –	
Loans & Advances -	
- Associates	14
- Individuals exercising control or significant influence	80
Sundry Creditors -	
- Associates	10
- Other related parties	2

13. Particulars of Investments:

(Rs. in lakhs)

	Face Value Rs.	**No. of Units**	
(a) LONG TERM INVESTMENTS			
(at cost)			
Equity Shares :			
Unquoted			
Great Ocean Shipping Services Ltd. of Stg. Pound 1 each		1,96,000	119
P & O Travel India Ltd.	10	8,75,000	88
Business Standard Limited	10	1,67,85,787	2402
Total - Long term investments			2609
(b) CURRENT INVESTMENTS			
(at lower of cost and fair value)			
(i) Government Securities :			
Quoted :			
364 Day Treasury Bills, 2002	45,00,00,000		4369
91 Day Treasury Bills, 2002	44,50,00,000		4410
			8779
(ii) Equity Shares :			
Quoted - Fully Paid			
Prime Securities Ltd.	10	25,33,699	62
			62
Total - Current investments			8841
Total investments			11450
Less : Provision for diminution in value of long term investments			800
Grand Total			10650

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

14. Particulars of Investments Purchased and Sold during the year :-

(a) Government Securities :

	Face Value Rs.
182 - Day, Treasury Bills, 2001	12,00,00,000
364 - Day, Treasury Bills, 2001	50,00,000
364 - Day, Treasury Bills, 2002	45,00,00,000
14 - Day, Treasury Bills, 2001	11,00,00,000
91 - Day, Treasury Bills, 2001	30,50,00,000
91 - Day, Treasury Bills, 2002	61,38,00,000

(b) Mutual Funds

	Face Value Rs.	**No. of Units**
Alliance Cash Manager	1,000	5,30,989
Prudential ICICI Liquid Income Plan	10	5,88,35,216
Zurich India Liquidity Fund	10	2,41,42,669
Templeton India Liquid Fund	10	4,56,90,468
DSP Merrill Lynch Liquidity Fund	10	1,17,36,164
Birla Cash Plus	10	2,30,86,293
Grindlays Cash Fund	10	50,88,131
HDFC Liquid Fund	10	1,50,62,339
K Gilt Liquid Income Plan	10	6,07,88,578

CONSOLIDATED CASH FLOW STATEMENT for the year ended on March 31, 2002.

(Rs. in lakhs)

A. CASH FLOW FROM OPERATING ACTIVITIES :

NET PROFIT BEFORE TAX :	**25846**
ADJUSTMENTS FOR :	
Prior year adjustments	**(1031)**
Depreciation	**20779**
Interest earned	**(1313)**
Interest paid	**5169**
Dividend Received	**(305)**
Loss on investments (Net)	**613**
(Profit)/Loss on sale of Sundry assets	**100**
Share issue expenses written off	**228**
De-merger expenses written off	**279**
Expenses on buy back of shares written off	**38**
Doubtful advances written off/provided	**1187**
Revenue Expenditure Deferred	**(411)**
Deferred Revenue Expenditure written off	**312**
Foreign exchange	**(454)**
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**51037**
ADJUSTMENTS FOR :	
Trade & Other Receivables	**2176**
Inventories	**4915**
Incomplete Voyages (Net)	**704**
Trade Payables	**(6275)**
CASH GENERATED FROM OPERATIONS :	**52557**
Tax Paid	**(2655)**
NET CASH FLOW FROM OPERATING ACTIVITIES :	**49902**

B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of fixed assets	**(28949)**
*Sale of fixed assets	**5643**
Purchase of Investments	**(63605)**
Sale of Investments	**58374**
Interest received	**1226**
Dividend received	**305**
Term Deposits with Companies	**1233**
NET CASH USED IN INVESTING ACTIVITIES :	**(25773)**

C. CASH FLOW FROM FINANCING ACTIVITIES :

	(Rs. in lakhs)
Proceeds from issue of preference shares	**7500**
Buy back of equity share capital	**(1267)**
Premium on buy back of equity share capital	**(2205)**
Proceeds from long term borrowings	**25591**
Repayments of long term borrowings	**(24221)**
Dividend paid	**(6892)**
Tax on Dividend paid	**(707)**
Interest Paid	**(5991)**
Share issue expenses	**(20)**
Expenses on buy back of shares	**(38)**
NET CASH USED IN FINANCING ACTIVITIES :	**(8250)**
Net increase/(decrease) in cash and cash equivalents:	**15879**
Cash and cash equivalents as at April 1, 2001 (Opening balance)	**23010**
Cash and cash equivalents as at March 31, 2002 (See Note below) (Closing balance)	**38889**

* Sale of fixed assets excludes loss on sale of ships which is considered as operating expense.

Note :

	(Rs. in lakhs)
Cash and Cash Equivalents as on	March 31, 2002
Cash and Bank Balances	39490
Effect of exchange rate changes[Loss/(gain)]	(601)
Cash and Cash equivalents as restated	38889

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
Viraf R. Mehta
Partner
Mumbai, June 17, 2002.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
J.D. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board
K.M. Sheth
Executive Chairman
Vijay K. Sheth
Managing Director
B.K. Sheth
Managing Director
R. N. Sethna
Director
Mumbai, June 14, 2002.

STATEMENT PURSUANT TO SECTION 212 of the Companies Act, 1956

1.	Name of Subsidiary	The Great Eastern Shipping Co. London Ltd.	The Greatship (Singapore) Pte. Ltd.	The Great Eastern (Fujairah) LLC-FZC
2.	Financial year ended	March 31, 2002	March 31, 2002	March 31, 2002
3.	Date from which it became a Subisidiary	July 3, 1985	March 28, 1994	September 11, 1999
4.	Extent of interest of the Holding Company in the capital of the Subsidiary	100%	100%	100%
5.	Net aggregate amount of the Subsidiary's profit less losses not dealt with in the Holding Company's Accounts:			
	(i) Current Year	US$ 719,046	S$ 68,233	US$ 328,881
	(ii) Previous Year	US$ 409,682	S$ 145,903	US$ 11,268
6.	Net aggregate amount of the Subsidiary's profit less losses dealt with in the Holding Company's Accounts :			
	(i) Current Year	—	—	—
	(ii) Previous Year since it became Subsidiary	—	—	—

For and on behalf of the Board

K.M. Sheth
Executive Chairman

Vijay K. Sheth
Managing Director

B.K. Sheth
Managing Director

Jayesh M. Trivedi
Company Secretary

R.N. Sethna
Director

Mumbai, June 14, 2002.

THE GREAT EASTERN SHIPPING CO. LONDON LTD.

A Subsidiary Company

Directors	S.J. Mulji B.K. Sheth V.K. Sheth M.J. Brace P.B. Kerr-Dineen W.R. Horkey
Secretary	K.R. Engineer
Registered Office	Old Boundary House London Road Sunningdale Berkshire SL5 0DW
Registered Number	1877474 (England and Wales)
Auditors	G R Atkinson Registered Auditors Old Boundary House London Road Sunningdale Berkshire
Bankers	The Royal Bank of Scotland plc Shipping Business Centre 5-10 Great Tower Street London EC3P 3HX Bank of Baroda 31-32 King Street London EC2V 8EN

Report of The Directors for the year ended 31 March, 2002.

The directors present their report with the financial statements of the Company for the year ended 31 March 2002.

Principal Activities

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

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

Review Of The Business

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

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

Events during the year had a negative effect on the world freight market as a result of which the company decided to maintain a reduced scale of operations and has disposed of ships where it was appropriate to do so.

Directors

The directors during the year under review were :
S.J. Mulji
B.K. Sheth
V.K. Sheth
M.J. Brace
P.B. Kerr-Dineen
W.R. Horkey

The directors holding office at 31 march 2002 did not hold any beneficial interest in the issued share capital of the company at 1 April 2001 or 31 March 2002.

Post Balance Sheet Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to the financial year ended 31 March 2002.

Future Developments

The likely developments in the operations of the Company and the expected results of these operations in the financial years subsequent to the year ended 31 March 2002 are as follows:

The directors remain cautious and will take no major decisions until the direction of future business is clearer.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent.

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

The auditors, G.R. Atkinson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act, 1985.

On behalf of the Board

K.R. Engineer - Secretary

Date : 2 May 2002.

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

We have audited the financial statements of Great Eastern Shipping Co. Ltd. for the year ended 31 March 2002 on pages 95 to 98. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on page 93 the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

G.R. Atkinson FCA

Registered Auditors
Old Boundary House
London Road
Sunningdale
Ascot
Berkshire

Date : 3 May 2002.

PROFIT AND LOSS ACCOUNT for the year ended 31 March, 2002.

	Notes	2002 US$	2001 US$
TURNOVER	2	**8,490,210**	9,391,014
Cost of sales		**7,293,115**	8,041,228
GROSS PROFIT		**1,197,095**	1,349,786
Administrative Expenses		**255,979**	285,212
OPERATING PROFIT	4	**941,116**	1,064,574
Interest receivable and similar income		**47,092**	91,027
		988,208	1,155,601
Interest Payable and Similar Charges	5	**269,162**	745,919
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**719,046**	409,682
Tax on Profit on Ordinary Activities	6	—	—
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		**719,046**	409,682
Retained profit brought forward		**2,239,532**	1,829,850
RETAINED PROFIT CARRIED FORWARD		**$2,958,578**	$2,239,532

Continuing Operations
None of the company's activities were acquired or discontinued during the current and previous years.

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

The notes form part of these financial statements.

BALANCE SHEET at 31 March, 2002.

	Notes	2002 US$	2002 US$	2001 US$	2001 US$
FIXED ASSETS					
Tangible assets	7		**1,549,575**		27,616,356
CURRENT ASSETS					
Debtors within one year	8	**913,043**		1,220,398	
Debtors more than one year	8	**79,665**		584,640	
Cash at bank and in hand		**2,115,641**		1,605,254	
		3,108,349		3,410,292	
CREDITORS: amounts falling due within one year	9	**1,350,772**		4,732,445	
NET CURRENT ASSETS /(LIABILITIES)			**1,757,577**		(1,322,153)
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,307,152**		26,294,203
CREDITORS: amounts falling due after more than one year	10		**6,974**		23,713,071
			$3,300,178		$2,581,132
CAPITAL AND RESERVES					
Called up share capital	14		**301,600**		301,600
Dividend equalisation reserve	15		**40,000**		40,000
Profit and loss account			**2,958,578**		2,239,532
SHAREHOLDERS' FUNDS	19		**$3,300,178**		$2,581,132

On Behalf of the Board

S.J. Mulji- Director

Approved by the Board on 2 May, 2002.

The notes form part of these financial statements.

CASH FLOW STATEMENT for the year ended 31 March, 2002.

	Notes	2002 US$	2002 US$	2001 US$	2001 US$
NET CASH INFLOW FROM OPERATING ACTIVITIES	1		**2,230,709**		3,895,107
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2		**(222,070)**		(654,892)
CAPITAL EXPENDITURE	2		**24,893,460**		(24,060,674)
			26,902,099		(20,820,459)
Management of liquid resources	2		—		—
Financing	2		**(26,391,712)**		20,030,337
Increase/(Decrease) in cash in the period			**$510,387**		$(790,122)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	3				
Increase/(Decrease) in cash in the period		**510,387**		(790,122)	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		**26,391,714**		(20,011,767)	
Change in net debt resulting from cash flows			**26,902,101**		(20,801,889)
New Finance Leases			—		(18,570)
Movement in net debt in the period			**26,902,101**		(20,820,459)
Net debt at 1 April			**(25,849,958)**		(5,029,499)
Net funds/(debt) at 31 March			**$1,052,143**		$(25,849,958)

The notes form part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 March, 2002.

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

	2002 $	2001 $
Operating Profit	**941,116**	1,064,574
Depreciation Charges	**1,037,442**	2,480,153
Loss on sale of fixed assets	**135,877**	40,970
Profit on sale of fixed assets	—	(266)
Increase in debtors	**(812,330)**	(331,245)
Decrease in creditors	**(696,056)**	(21,569)
Net cash inflow from operating activities	**2,230,709**	3,895,107

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

	2002 $	2001 $
Returns on investments and servicing of finance		
Interest received	**46,364**	101,918
Foreign exchange gains/(losses)	**728**	(10,891)
Interest Paid	**(267,798)**	(745,128)
Interest element of hire purchase or finance lease rentals payments	**(1,364)**	(791)
Net cash outflow for returns on investments and servicing of finance	**(222,070)**	(654,892)
Capital Expenditure		
Purchase of tangible fixed assets	**(755)**	(24,062,099)
Sale of tangible fixed assets	**24,894,215**	1,425
Net cash inflow/(outflow) for capital expenditure	**24,893,460**	(24,060,674)
Financing		
New Loans taken out in year	—	24,018,158
Loan repayments in year	**(26,387,500)**	(3,985,500)
HP repayments	**(4,212)**	(2,321)
Net cash (outflow)/inflow from financing	**(26,391,712)**	20,030,337

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.01 $	Cash flow $	At 31.3.02 $
Net cash:			
Cash at bank and in hand	1,605,254	510,387	2,115,641
	1,605,254	510,387	2,115,641
Debt:			
Hire purchase or finance leases	(15,837)	4,214	(11,623)
Debts falling due within one year	(3,737,500)	2,685,625	(1,051,875)
Debts falling due after one year	(23,701,875)	23,701,875	—
	(27,455,212)	26,391,714	(1,063,498)
Total	(25,849,958)	27,902,101	1,052,143
Analysed in Balance Sheet			
Cash at bank and in hand	1,605,254		2,115,641
Hire purchase of finance leases			
within one year	(4,641)		(4,649)
after one year	(11,196)		(6,974)
Debts falling due within one year	(3,737,500)		(1,051,875)
Debts falling due after one year	(23,701,875)		—
	(25,849,958)		1,052,143

Notes To The Financial Statements for the year ended 31st March, 2002.

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the aggregate of revenue receivable from ship operators under charters and commissions receivable in respect of fixtures arranged for third parties.

Tangible fixed assets

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

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

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

Pension costs

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

2. TURNOVER

The turnover and profit before taxation are attributable to he principal activities of the company.

An analysis of turnover by class of business is given below:

	2002	2001
	US$	US$
Charter hire	**2,320,278**	5,252,528
Hire charges to group Companies	**484,992**	1,436,163
Freight earnings	**5,534,819**	2,541,691
Chartering commissions and sundry income	**150,121**	160,632
	8,490,210	9,391,014

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

3. STAFF COSTS

	2002	2001
	$	$
Wages and salaries	**80,640**	74,220
Social security costs	**9,013**	7,932
Other pension costs	**14,294**	13,015
	103,947	95,167

The average monthly number of employees during the year was as following.

	2002	2001
Staff (including directors)	**8**	8

4. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	$	$
Depreciation - owned assets	**1,037,442**	2,480,153
Loss on disposal of fixed assets	**135,877**	40,704
Operating lease rentals	**17,515**	21,271
Auditors' remuneration	**5,700**	6,401
Non-audit service remuneration paid to auditors	**24,123**	23,982
Directors' emoluments	—	—

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	$	$
Bank loan interest	**267,798**	744,428
Interest on overdue taxation	—	700
Hire purchase	**1,364**	791
	269,162	745,919

6. TAXATION

Analysis of the tax charges

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2002 nor for the year ended 31 March 2001.

7. TANGIBLE FIXED ASSETS

	Ships	**Fixtures and fittings**	**Motor vehicles**	**Total**
	$	**$**	**$**	**$**
Cost:				
At 1 April 2001	39,107,948	42,653	88,729	39,239,330
Additions	—	755	—	755
Disposals	(31,334,837)	—	—	(31,334,837)
At 31 March 2002	7,773,111	43,408	88,729	7,905,248
Depreciation:				
At 1 April 2001	11,531,628	29,589	61,759	11,622,976
Charge for year	1,028,026	2,764	6,652	1,037,442
Eliminated on disposal	(6,304,745)	—	—	(6,304,745)
At 31 March 2002	6,254,909	32,353	68,411	6,355,673
NET BOOK VALUE:				
At 31 March 2002	1,518,202	11,055	20,318	1,549,575
At 31 March 2001	27,576,320	13,065	26,971	27,616,356

8. DEBTORS

	2002	2001
	$	$
V.A.T.	1,290	—
Prepayments	406,778	236,086
Amounts owed by group undertakings	504,975	984,312
	913,043	1,220,398
Amounts falling due after more than one year:		
Other debtors	79,665	79,665
Amounts owed by group undertakings	—	504,975
	79,665	584,640
Aggregate amounts	992,708	1,805,038

9. CREDITORS: Amounts Falling Due Within One Year

	2002	2001
	$	$
Bank loans and overdrafts (see note 11)	1,051,875	3,737,500
Hire purchase	4,649	4,641
V.A.T.	—	3,334
Social security & other taxes	2,190	241
Owed to group undertaking	181,666	—
Accrued expenses	110,392	986,729
	1,350,772	4,732,445

10. CREDITORS: Amounts Falling Due After More Than One Year

	2002	2001
	$	$
Bank loans (see note 11)	—	11,701,875
Amounts owed to group undertakings (see note 11)	—	12,000,000
Hire purchase	6,974	11,196
	6,974	23,713,071

11. LOANS AND OVERDRAFTS

	2002	2001
An analysis of the maturity of loans and overdrafts is given below:	$	$
Amounts falling due within one year or on demand:		
Bank loans	1,051,875	3,737,500
Amounts falling due between one and two years:		
Bank loans	—	2,901,875
Amount falling due between two and five years :		
Bank loans	—	8,800,000
Amounts owed to group undertakings	—	12,000,000
	—	20,800,000

12. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	Land and buildings operating leases	
	2002	2001
	$	$
Expiring:		
In more than five years	16,387	15,107

13. SECURED DEBTS

Bank loans are secured by:

(1) Ships mortgages

(2) Assignment of charter earnings and ship insurance

(3) Guarantee of the parent company in respect of charter hire payments due from another group company.

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

			2002	2001
Number:	Class:	Nominal value	$	$
16,000	Ordinary	£10	301,600	301,600

15. DIVIDEND EQUALISATION RESERVE

2002	2001
$	$
40,000	40,000

16. ULTIMATE PARENT COMPANY

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

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2001 other than unquantifiable amounts in respect of warranties given in the normal course of business.

18. 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.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	$	$
Profit for the financial year	719,046	409,682
Net addition to shareholders' funds	719,046	409,682
Opening shareholders' funds	2,581,132	2,171,450
Closing shareholders' funds	3,300,178	2,581,132
Equity interests	3,300,178	2,581,132

THE GREATSHIP (SINGAPORE) PTE LTD.

(Incorporated in Singapore)

A Subsidiary Company

Board Of Directors	K. J. Vesuna P. R. Naware Jaya Prakash
Auditors	Shanker Iyer & Co.
Bankers	Development Bank of Singapore
Corporate Office	55, Market Street, Sinsov Building, #08-03A, Singapore - 048941

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the Company for the financial year ended 31 March, 2002.

DIRECTORS

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

Vesuna Khushru Jamshedji
Naware Pradyumna Raghunath
Jaya Prakash

PRINCIPAL ACTIVITIES

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

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

RESULTS FOR THE FINANCIAL YEAR

	S$
Profit after taxation	68,233
Retained profits brought forward	336,983
	405,216
20% dividend less tax of 24.5%	(75,500)
Retained profits carried forward	329,716

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

There were no acquisitions or disposals of interests in subsidiary companies during the financial year.

MATERIAL TRANSFERS TO OR FROM PROVISIONS AND RESERVES

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

None of the directors holding office at the end of the financial year had interest in any share or debenture of the Company or its related corporations at the beginning and end of the financial year as recorded in the Register of Director's Shareholdings kept by the Company under Section 164 of the Companies Act Cap. 50.

DIVIDENDS

The directors proposed a final dividend of 20% less tax at 22% amounting to S$78,000 be paid for the financial year ended 31 March, 2002.

A final dividend of 20% less tax of 24.5% amounting to S$75,500 was declared and paid in respect of the Company's previous financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and the providing for doubtful debts. The directors have satisfied themselves that there were no known bad or doubtful debts.

At the date of this report, the directors are not aware of any circumstances, which would require the writing off of bad debts or the setting up of a provision for doubtful debts in the financial statements.

CURRENT ASSETS

Before the financial statements were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business were written down to their estimated realisable values or that adequate provisions have been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

At the date of this report, no charges have arisen since the end of the financial year on the assets of the company, which secure the liability of any other person, nor have any contingent liabilities arisen since the end of the financial year, except as disclosed in the financial statements.

ABILITY TO MEET OBLIGATIONS

No contingent or other liability has become enfoceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or any substantially affect the ability of the company to meet its obligations as and when they fall due.

Other Circumstances Affecting the Financial Statements

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

Unusual Items

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

Unusual Items After The Financial Year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which would affect substantially the results of the operations of the Company for the financial year in which this report is made.

Directors' Contractual Benefits

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

Share Options

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

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

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

Auditors

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

On behalf of the Board

Jaya Prakash
Director

Naware Pradyumna Raghunath
Director

Dated : 16 May, 2002

Statement By The Directors

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

(a) the accompanying balance sheet, income statement and statement of changes in equity together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31st March, 2002 and of its results and changes in equity for the financial year ended on that date; and

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

On behalf of the Board

Jaya Prakash
Director

Naware Pradyumna Raghunath
Director

Dated : 16 May, 2002

AUDITORS' REPORT TO THE MEMBERS OF THE GREATSHIP (SINGAPORE) PTE. LTD. (INCORPORATED IN SINGAPORE)

We have audited the financial statements of THE GREATSHIP (SINGAPORE) PTE. LTD. for the financial year ended 31 March 2002 set out on pages 103 to 105. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Statements of Accounting Standard and so as to give a true and fair view of:

(i) the state of affairs of the Company as at 31 March 2002 and of its results and changes in equity for the financial year ended on that date; and

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

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

Shanker Iyer & Co.
Certified Public Accountants

Singapore
Dated : 16 May 2002

BALANCE SHEET as at 31 March, 2002.

	Note	2002	2001
		S$	S$
NON-CURRENT ASSETS			
Plant and equipment	3	**10,424**	13,755
CURRENT ASSETS			
Cash and cash equivalents	2(e)	**733,099**	825,187
Trade receivables		**11,378**	20,932
Other receivables	4	**16,398**	16,317
Amount owing by holding company	5	**155,240**	66,549
		916,115	928,985
Less:			
CURRENT LIABILITIES			
Trade payables		**24,842**	47,604
Other payables	6	**55,980**	27,419
Provision for taxation		**14,201**	27,500
		95,023	102,523
NET CURRENT ASSETS		**821,092**	826,462
		831,516	840,217
NON-CURRENT LIABILITY			
Deferred taxation	7	**(1,800)**	(3,234)
NET ASSETS		**829,716**	836,983
SHAREHOLDERS' EQUITY			
Share capital	8	**500,000**	500,000
Retained profits		**329,716**	336,983
TOTAL EQUITY		**829,716**	836,983

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, 2002.

	Note	2002	2001
		S$	S$
REVENUES			
Agency income	2(f)	**291,180**	229,190
Charter income	2(f)	—	130,125
Interest income	9	**11,202**	20,446
Total revenues		**302,382**	379,761
COSTS AND EXPENSES			
Depreciation	3	**7,790**	6,393
Foreign currency gains		**(4,445)**	(8,964)
Operating expenses		**78,449**	92,157
Staff and related costs		**144,954**	113,579
Total cost and expenses		**226,748**	203,165
PROFIT BEFORE TAXATION	10	**75,634**	176,596
TAXATION	11	**(7,401)**	(30,693)
PROFIT AFTER TAXATION		**68,233**	145,903

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2002.

	Share capital S$	Retained profits S$	Total S$
2002			
Balance as at 1 April 2001	500,000	336,983	836,983
Dividend of 20% less tax at 24.5%	—	(75,500)	(75,500)
Profit after taxation	—	68,233	68,233
Balance as at 31 March 2002	500,000	329,716	829,716
2001			
Balance as at 1 April 2000	500,000	191,080	691,080
Profit after taxation	—	145,903	145,903
Balance as at 31 March 2001	500,000	336,983	836,983

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

NOTES TO THE FINANCIAL STATEMENT – 31 MARCH, 2002.

1. CORPORATE INFORMATION

The company's principal place of business is at:

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

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

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

The number of staff employed as of 31 March 2002 was 2 (2001 : 2)

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basic of accounting**

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

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

b) **Depreciation of plant and equipment**

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

Computers	50%
Furniture and fittings	$33^1/_3$%
Renovation	$33^1/_3$%
Office equipment	20%

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

c) **Foreign currency translation**

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Translation differences are dealt with through the income statement.

d) **Taxation**

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

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

e) **Cash and cash equivalents**

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

f) **Income recognition**

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

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

3. Plant and Equipment

	Computers S$	Furniture and Fittings S$	Renovation S$	Office Equipment S$	Total S$
2002					
Cost					
At 1st April 2001	5,041	8,319	13,770	10,138	37,268
Additions	4,099	69	—	291	4,459
At 31 March 2002	9,140	8,388	13,770	10,429	41,727
Accumulated Depreciation					
At 1 April 2001	4,021	8,148	3,825	7,519	23,513
Charge for the year	2,165	87	4,590	948	7,790
At 31 March 2002	6,186	8,235	8,415	8,467	31,303
Net Book Value					
At 31 March 2002	2,954	153	5,355	1,962	10,424
2001					
Cost					
At 1 April 2000	5,041	8,091	22,485	8,988	44,605
Additions	—	228	13,770	1,150	15,148
Disposals	—	—	(22,485)	—	(22,485)
At 31 March 2001	5,041	8,319	13,770	10,138	37,268
Accumulated Depreciation					
At 1 April 2000	2,515	8,091	22,485	6,514	39,605
Charge for the year	1,506	57	3,825	1,005	6,393
Disposals	—	—	(22,485)	—	(22,485)
At 31st March 2001	4,021	8,148	3,825	7,519	23,513
Net Book Value					
At 31st March 2001	1,020	171	9,945	2,619	13,755

4. Other Receivables

	2002 **S$**	2001 S$
Deposits	**15,000**	15,000
Prepayments	**1,398**	1,317
	16,398	16,317

5. Amount Owing by Holding Company

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

The amount owing by the holding company is trade in nature, unsecured, interest-free and has no fixed terms of repayment.

6. Other Payables

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

7. Deferred Taxation

	2002 **S$**	2001 S$
Balance at beginning of the financial year	**3,234**	234
Transfer (to)/from income statement (Note 11)	**(1,434)**	3,000
Balance at end of the financial year	**1,800**	3,234

The above balance comprises of the following:

Capital allowances over book depreciation	**800**	834
Unrealised foreign exchange difference	**1,000**	2,400
	1,800	3,234

8. Share Capital

	2002 **S$**	2001 S$
Authorised		
500,000 ordinary shares of S$1 each	**500,000**	500,000
Issued and fully paid		
500,000 ordinary shares of S$1 each	**500,000**	500,000

9. Interest Income

	2002 **S$**	2001 S$
Bank interest	**4,766**	9,063
Fixed deposit interest	**6,436**	11,383
	11,202	20,446

Fixed deposit interest is recognised on an accrual basis.

10. Profit before Taxation

Profit before taxation is arrived at after charging:

	2002 **S$**	2001 S$
Auditors' remuneration	**7,500**	7,500
Directors' fee	**3,500**	3,500
Office rental-operating lease	**30,000**	33,458

11. Taxation

	2002 **S$**	2001 S$
Current year's provision	**10,000**	27,500
(Over)/under provision in prior years	**(1,165)**	193
Deferred tax (written back)/provided - Note 7	**(1,434)**	3,000
	7,401	30,693

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

12. Significant Related Party Transactions

	2002 **S$**	2001 S$
Agency fees invoiced to holding Company	**260,868**	151,180

13. Lease Commitments

As at 31 March 2002, the commitments company had the following minimumlease payments under an operating lease:

	2002 **S$**	2001 S$
Due within one year	**30000**	30000
Due within two of five years	**8,750**	38,750
	38,750	68,750

14. Proposed Dividend

Subsequent to the year end, the directors proposed a final dividend of 20% less tax at 22% amounting to S$78,000 (2001 : SS$75,500) be paid for the financial year ended 31 March 2002.

15. Contingent Liabilities

At the balance sheet date, the company had obtained bankers' guarantees totalling S$1,000 (2001:S$1,000) in favour of third parties with respect to the company's activities. The above is secured by way oof right to self-off against fixed deposit amounting to S$447,795 (2001:S$440,534). Further to the above, the company is in discussions with the Comptroller of Goods and Services Tax in respect of past input tax claims. The exact quantum of liability has not been finally ascertained and as the amount is not expected to be material no provision has been made in this behalf, at this stage.

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

A Subsidiary Company

DIRECTORS	S. J. Mulji V. K. Sheth
REGISTERED OFFICE	P.O. Box 5225 Fujairah U.A.E.
REGISTERED NUMBER	99-E-005
AUDITORS	G R Atkinson Registered Auditors Old Boundary House London Road Sunningdale Berkshire U.K.
BANKERS :	HSBC Bank Middle East Fujairah U.A.E. ABN - AMRO Bank Dubai U.A.E.

REPORT OF DIRECTORS FOR THE YEAR ENDED 31 MARCH, 2002.

The directors present their report with the financial statements of the Company for the year ended 31st March 2002.

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2002.

DIRECTORS

The directors during the year under review were:

S. J. Mulji
V.K. Sheth

The directors holding office at 31 March 2002 did not hold any beneficial interest in the issued share capital of the company at 1 April 2001 or 31 March 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

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

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

AUDITORS

The auditors, GR Atkinson, will be proposed for re-appointment.

ON BEHALF OF THE BOARD

S.J. Mulji - DIRECTOR

Date : 2nd May, 2002

REPORT of the Independent Auditors to the Shareholders of the Great Eastern (Fujairah) L.L.C.-FZC

We have audited the financial statements of The Great Eastern (Fujairah) L.L.C. -FZC for the year ended 31 March 2002 on pages 109 to 111. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 107 the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and Accounting Standards.

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

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

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

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the year then ended.

G.R. Atkinson

Registered Auditors
Old Boundary House
London Road
Sunningdale

Berkshire, U.K.

Date : May 3, 2002.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2002.

	Notes	Year Ended 31.3.02 US$	Period 11.9.1999 to 31.3.01 US$
TURNOVER		**4,937,328**	5,699,347
Cost of sales		**4,443,968**	5,300,777
GROSS PROFIT		**493,360**	398,570
Administrative Expenses		**24,412**	19,984
OPERATING PROFIT	2	**468,948**	378,586
Interest receivable and similar income		**7,700**	14,160
		476,648	392,746
Interest Payable and Similar Charges	3	**147,767**	381,478
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**328,881**	11,268
Tax on Profit on Ordinary Activities		—	—
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		**328,881**	11,268
Retained profit brought forward		**11,268**	-
RETAINED PROFIT CARRIED FORWARD		**$340,149**	$11,268

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the current year or previous period.

The notes form part of these financial statements.

BALANCE SHEET AT 31 MARCH, 2002.

	Notes	2002 US$	2002 US$	2001 US$	2001 US$
FIXED ASSETS :					
Tangible assets	4		**1,836,412**		3,541,865
CURRENT ASSETS :					
Debtors	5		**794,625**		1,600,437
Cash at Bank		**105,090**		531,949	
		899,715		2,132,386	
CREDITORS: amounts falling due within one year	6	**795,978**		1,843,722	
NET CURRENT ASSETS:			**103,737**		288,664
TOTAL ASSETS LESS CURRENT LIABILITIES:			**1,940,149**		3,830,529
CREDITORS: Amounts falling due after more than one year	7		**1,450,000**		3,669,261
			$490,149		$161,268
CAPITAL AND RESERVES					
Called up share capital	8		**150,000**		150,000
Profit and loss account			**340,149**		11,268
SHAREHOLDERS' FUNDS	11		**$490,149**		$161,268

ON BEHALF OF THE BOARD

S.J. Mulji - **DIRECTOR**

Approved by the Board on 2 May 2002

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2002.

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Owned ships	– Straight line over the projected life
Leased ships	– Straight line over 5 years

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capial element of the future payments is treated as a liability.

Foreign currencies

The financial statements are stated in US Dollars.

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

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

2. OPERATING PROFIT

The operating profit is stated after charging:

	Year ended 31.3.02 $	Period 11.9.99 to 31.3.01 $
Depreciation - owned assets	**44,721**	89,443
Depreciation - assets on hire purchase contracts or finance leases	**156,320**	237,268
Auditors' remuneration	**10,000**	4,000
Directors' emoluments	—	—

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31.3.02 $	Period 11.9.99 to 31.3.01 $
Interest on group undertakings	**52,767**	85,315
Lease finance charges	**95,000**	296,163
	147,767	381,478

4. TANGIBLE FIXED ASSETS

	Owned ships $	**Leased ships $**	**Totals $**
COST:			
At 1 April 2001	1,638,576	2,230,000	3,868,576
Disposals	(1,638,576)	—	(1,638,576)
At 31 March 2002	—	2,230,000	2,230,000
DEPRECIATION:			
At 1 April 2001	89,443	237,268	326,711
Charge for year	44,721	156,320	201,041
Eliminated on disposal	(134,164)	—	(134,164)
At 31 March 2002	—	393,588	393,588
NET BOOK VALUE:			
At 31 March 2002	—	1,836,412	1,836,412
At 31 March 2001	1,549,133	1,992,732	3,541,865

Fixed assets, included in the above, which are held under hire puchase contracts or finance leases are as follows:

	Leased ships $
COST	
At 1 April 2001 and 31 March 2002	2,230,000
DEPRECIATION:	
At 1 April 2001	237,268
Charge for year	156,320
At 31 March 2002	393,588
NET BOOK VALUE:	
At 31 March 2002	1,836,412
At 31 March 2001	1,992,732

5. DEBTORS

	2002 $	2001 $
Amounts falling due within one year:		
Prepayments	**498,187**	1,103,999
Amounts falling due after more than one year:		
Prepayments and deferred expenditure	**296,438**	496,438
	296,438	496,438
Aggregate amounts	**794,625**	1,600,437

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 $	2001 $
Balance owing to group companies on loan and trading accounts	**323,309**	1,320,747
Other creditors	**55,982**	—
Deferred income	**279,312**	—
Accrued expenses	**137,375**	522,975
	795,978	1,843,722

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 $	2001 $
Net obligations to group company under finance leases and hire purchase contracts	—	504,975
Loans from parent company	**1,450,000**	3,164,286
	1,450,000	3,669,261

8. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value	2002$	2001$
500,000	Ordinary	$1	**500,000**	500,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value	2002$	2001$
150,000	Ordinary	$1	**150,000**	150,000

9. ULTIMATE PARENT COMPANY

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

10. 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.

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 US$	2001 US$
Profit for the financial year	**328,881**	11,268
Net addition to shareholders' funds	**328,881**	11,268
Opening shareholders' funds	**161,268**	150,000
Closing shareholders' funds	**490,149**	161,268
Equity interest	**490,149**	161,268

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