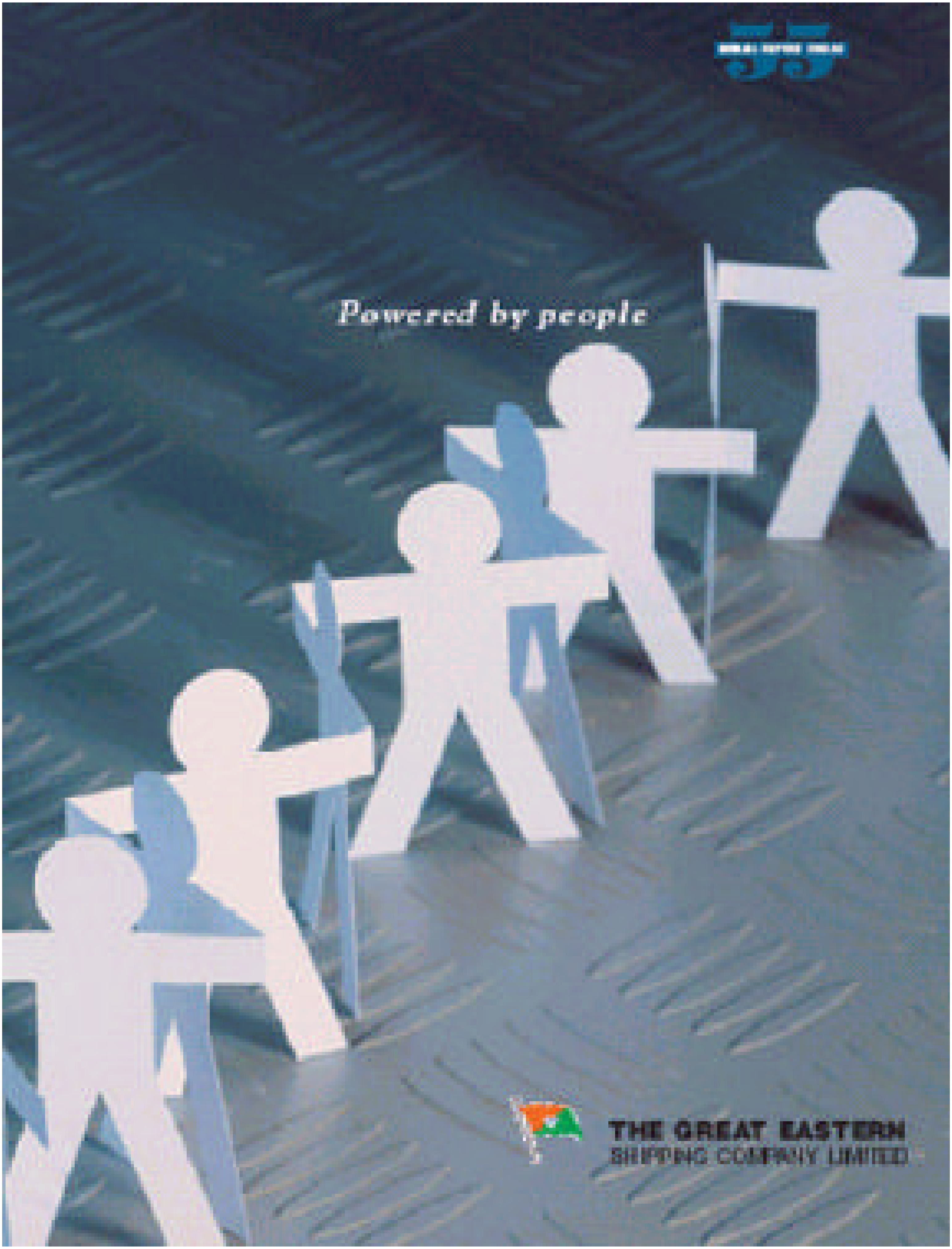
Powered by people
THE GREAT EASTERN
SHIPPING COMPANY LIMITED

Seating (L to R) : Mr. K.M. Sheth, Mr. S.J. Mulji
Standing (L to R) : Mr. Cyrus Guzder, Mr. A.K. Parikh, Mr. Bharat K. Sheth, Mr. R.N. Sethna, Ms. Asha V. Sheth, Mr. Manu Shroff, Mr. Vijay K. Sheth, Mr. T.N. Pandey, Mr. Keki Mistry.

At the helm

At the helm

BOARD OF DIRECTORS

Executive Chairman
Mr. K.M. Sheth

Executive Dy. Chairman
Mr. S.J. Mulji

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

Directors
Mr. R.N. Sethna
Mr. K.P. Byramjee (up to Dec. 24, 2002)
Mr. A.K. Parikh
Ms. Asha V. Sheth
Mr. Manu Shroff
Mr. T.N. Pandey
Mr. Cyrus Guzder (March 14, 2003 onwards)
Mr. Keki Mistry (March 14, 2003 onwards)

Statutory Auditors

Kalyaniwalla & Mistry

Company Secretary

Mr. Jayesh M. Trivedi

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

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

Navigate and explore

Navigate and explore

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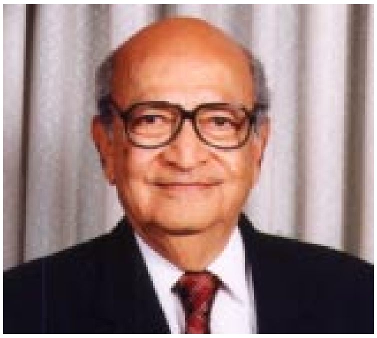


Chairman's Statement

Dear Shareholders,

I am happy to report, for the third year in succession, that your Company has achieved its highest-ever profit of Rs. 227.29 crores for the financial year ended March 31, 2003. This, together with the recently concluded capital restructuring, has enabled the Company to declare its highest-ever earning per share of Rs. 11.40, a 18.70% return on shareholder funds.

This performance stands testimony to two principal tenets of the Management's operating philosophy: adequate fleet diversification and a judicious mix of period and spot charters.

The FY 2002-03 continued with the slow-paced economic growth and the much-talked about global recovery proved to be a mirage. Global corporate restructuring led to a surge in unemployment, denting consumer confidence and business sentiment. Depreciation of the US Dollar against most of the major currencies throughout the year also hindered world economic growth. The year also witnessed global political uncertainty with unrest in Venezuela, Nigeria and finally the US-led attack on Iraq. Lackluster world economy took its toll on the Exploration & Production (E&P) Sector as well. High oil and gas prices failed to attract investments in the exploratory activities. All these events had their bearing on the behaviour of the markets across your Company's business segments. A detailed analysis of the global and domestic markets and your Company's performance has been adequately enumerated in the Management Discussion and Analysis section, and hence I shall not dwell on them here.

Looking ahead, your Company's immediate challenge is modernisaton and expansion of its fleet. Modernisation will help the Company satisfy its customers as they seek their preferred service provider and become more environment-sensitive, while fleet expansion will help the Company seek new levels of profitability in the long-term. The Management will endeavour its best to meet these twin objectives without, of course, compromising on expectations of its stakeholders. In today's dynamic world, it is important to realise that conformance is taken for granted but performance is the distinguishing force. Your Company is committed to the duality of corporate governance and enterprise governance, where the focus is not just on preserving but creating value for all stakeholders!

Finally, I stand today to applaud the efforts made by my colleagues, onshore and on board our vessels and rigs, for their unstinting support and co-operation in achieving this commendable performance.

With warm regards,

K.M. Sheth
Executive Chairman

Mumbai : June 10, 2003

Directors' Report

Dear Shareholders,

The Board of Directors of your Company have great pleasure in presenting 55th Annual Report on the business and operations of your Company together with the Audited Accounts for the financial year ended March 31, 2003.

FINANCIAL PERFORMANCE

		2002-03 (Rs. in lakhs)		2001-02 (Rs. in lakhs)
Total Income		101564		119635
Total Expenditure		76989		94357
Profit before tax		24575		25278
Less: Provision for Tax :				
– Current	850		2600	
– Deferred	2074		1928	
		2924		4528
Profit for the year after tax		21651		20750
Add/(Less) : Prior years Adjustments (Net)		1078		(1031)
		22729		19719
Less: Transfer to Reserve Under Section 33AC of the Income Tax Act, 1961		14500		12500
		8229		7219
Add: Transfer from :				
– Investment Allowance Reserve	550		1800	
– Reserve Under Section 33AC of the Income Tax Act,1961	16300		7700	
– Debenture Redemption Reserve	920		–	
		17770		9500
		25999		16719
Add: Surplus brought forward from previous year		15492		17772
		41496		34491
Appropriations				
– Transfer to Capital Redemption Reserve	10726		1521	
– Transfer to Debenture Redemption Reserve	–		1175	
– Transfer to General Reserve	13100		7644	
– Interim Dividend on Preference Shares	966		945	
– Proposed Dividend	7613		7618	
– Tax on Dividend	975		96	
		33380		18999
Balance Carried Forward		8116		15492

The total income for the year was recorded at Rs.101564 lakhs as against Rs.119635 lakhs in the previous year and a Net Profit of Rs.21651 lakhs as against Rs.20750 lakhs in the previous year. The Shipping Division contributed around 72% (previous year 72%) to the Company's revenues while the Offshore Division contributed around 25% (previous year 21%).

Shareholders are aware that during the year under review, the rupee had appreciated against the US Dollar (USD). The trend has continued in the current year and from April 2003, rupee has further strengthened. It is widely expected that rupee will continue to remain strong for rest of the current financial year. Your Company's revenue being largely pegged to the USD this trend will have some adverse impact on the total revenues. However, a significant part of the direct expenses and most of the debt servicing commitments of your Company are also USD denominated. Hence, the net impact will be relatively small and it is expected that this will be contained with the available forex risk management tools.

DIVIDEND ON PREFERENCE SHARES

During the year, an interim dividend of 10.5% on Redeemable Cumulative Preference Shares of Rs.7500 lakhs amounting to Rs.966 lakhs was declared and paid as per terms of the issue. No further dividend, is payable for the year and the interim dividend is to be treated as final dividend.

DIVIDEND ON EQUITY

Considering the improved financial performance of your Company during the FY 2002-03 and with a view to meet the twin objectives of rewarding shareholders adequately and retaining resources to meet your Company's business requirements, your Directors are pleased to recommend a dividend of Rs.4/- per share for the FY 2002-03 (previous year Rs.4/- per share). The outflow on account of the equity dividend would be Rs.8588 lakhs including tax on dividend representing a payout ratio of 39.5% (previous year around 40.8% excluding tax on dividend).

CAPITAL STRUCTURE

PREFERENCE CAPITAL

9,50,00,000 8.5% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10/- each aggregating Rs.9500 lakhs were redeemed during the year.

EQUITY CAPITAL

The second equity share Buyback Programme of your Company which commenced last year was completed in July 2002 resulting in extinguishment of 1,22,57,669 equity shares during the year. The Buyback during the year was achieved at an average price of Rs.32.69 per share aggregating Rs.4007 lakhs.

Your Company also issued and allotted 20,898 equity shares consequent to the order of the Special Courts (Trial of Offences related to Transaction in Securities) Act, 1992 out of the 4,00,890 equity shares kept in abeyance.

The paid up equity share capital consequent to the above is 19,03,27,015 equity shares aggregating Rs.19033 lakhs.

Management Discussion And Analysis

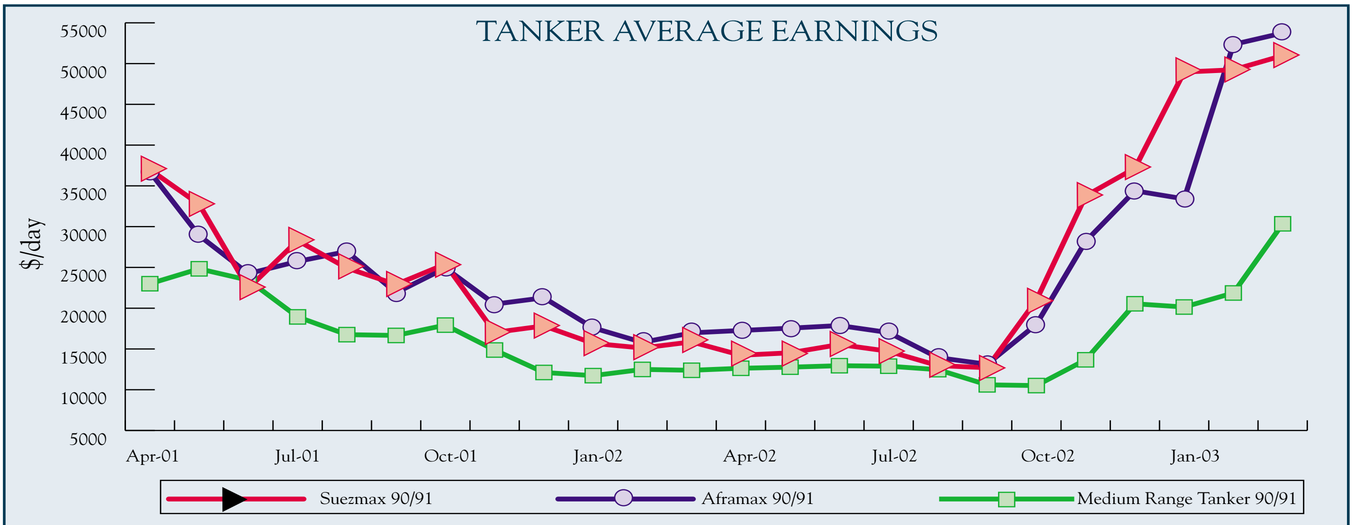
SHIPPING DIVISION

In FY 2002-03, Shipping division recorded total income of Rs. 69895 lakhs (Previous year Rs. 85075 lakhs) and earned a PBDIT of Rs. 34424 lakhs (Previous year Rs. 40974 lakhs).

TANKER BUSINESS

MARKET TRENDS AND ANALYSIS

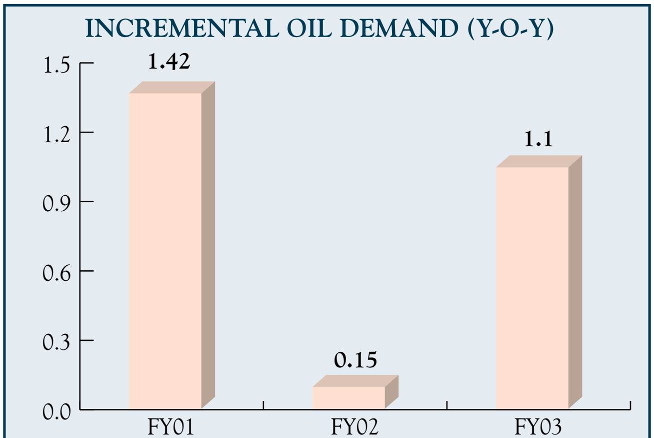
The tanker spot market which had been weakening since beginning of FY 2001-02 continued to remain soft through the first half of this year too. Weak economic conditions continued to depress oil demand growth in the first half of FY 2002-03, though the second half saw a marked improvement in demand growth. This rise in the second half led to this year experiencing significantly better oil demand growth as compared to last year. This increase in oil demand translated into higher tanker demand in the second half of the year.



Source : Clarkson's Research Studies

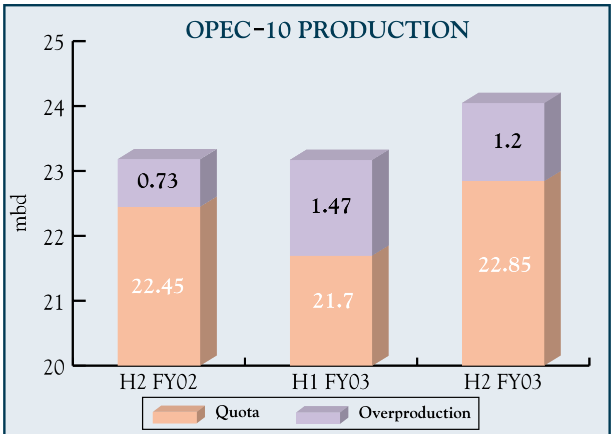
This spurt in tanker demand, and consequently spot freight rates, was driven by a combination of unforeseen factors as discussed below.

As the US stand on Iraq hardened in late 2002, apprehensions regarding continuance of Middle East oil supplies started growing. This led to pre–emptive oil stocking in the OECD countries giving a significant fillip to tanker demand in the second half of FY 2002-03**.** This tight tonnage situation was further exacerbated by an anti-government agitation in Venezuela starting in December 2002. This brought Venezuela's oil industry to a standstill ceasing its normal exports to the U.S. For almost a period of two months, these considerable Venezuelan supplies were compensated by import of oil from the Middle East and West Africa. These significantly longer voyages into the U.S. further boosted tonne-***mile*** demand for tankers. As these political events were unfolding, the Northern Hemisphere encountered one of its severest winters in many years. Heating oil demand shot up and there were increased refinery runs and product imports into the U.S., Europe and Japan-Korea to meet this demand. This took oil imports into Japan to a 3 year high as Japan had already upped its oil imports



Source : International Energy Agency (IEA) when its nuclear power plants were shutdown following safety concerns.

Most of these factors resulted in OPEC-10 countries ramping up production levels by about 1.5 mbd leading to a significant rally in the tanker market.



Source : IEA

With a large tanker orderbook at the beginning of the year, higher fleet supply was expected to be a significant bearish factor for the markets this year; and the first half of the year seemed to bear this out. The low freight environment in this period led to increased scrapping as trading older vessels became unviable. The extremely high spot market in the second half turned the expected deluge of scrapping tonnage into a trickle and the fleet grew rapidly. Overall for the FY 2002-03, the tanker fleet (net of demolition) increased by approximately 10-mn dwt an increase of around 3% over the previous year.

"THE PRESTIGE" OIL SPILL

The most significant event that affected the global tanker industry during the year was the sinking of the tanker "Prestige". On November 19, 2002, a 1976 built single-hull Aframax tanker "Prestige" broke into two and sank in the Atlantic, 200 kilometers off the north west of Spain. "Prestige" was carrying around 70,000 tonnes of heavy oil and the sinking resulted in an oil slick that washed up on the shores of Spain, affecting the environment and the livelihood of the local populace.

This led to extreme tightening of tanker regulations and local regulations in Spain, Portugal, France and Italy have already denied access to single hull tankers (carrying certain cargoes) calling on their ports or transiting their territorial waters. As an aftermath to

this catastrophe, the European Commission has recently endorsed a legislative resolution speeding up the introduction of the ban on single hull tankers transporting heavy oils through EU waters effective September 2003. The resolution calls for the addition of smaller tankers (Category 3*) to the accelerated phase-out of the so-called Category 2* tankers by 2010 instead of 2015. It also calls for the withdrawal of Category 1* vessels when they reach 23 years of age and not later than 2005.

The crude tanker business, especially for trading in the West, which had already been gravitating towards double-hulls and large, quality operators; made a sudden, step change in this direction. Your Company with its modern, double-hulled tankers and recognised quality operations is well placed to benefit from these market developments.

COMPANY PERFORMANCE

Tanker business continued to be the largest contributor to the division's revenues and profits. It contributed around 82% to the shipping division's revenues (previous year 79%) and 91% to the shipping division's operating profits (previous year 92%). Around 54% of the revenues for FY 2002-03 came from international operations.

In FY 2002-03, crude carriers earned an average TCY of $22,652/day (previous year $29,139/day) whereas the product carriers earnings averaged at $12,177/day (previous year $14,206/day). The lower TCY for the

* Category 1: Single hull crude oil tankers >= 20,000 dwt and oil product carriers >= 30,000 dwt, having no segregated ballast tanks (SBT) in protective locations.

* Category 2: Single hull tankers of the same size as Category 1 but are equipped with SBT in protective locations.

* Category 3: Single hull oil tankers below the size limits of Categories 1 & 2 but above 5,000 dwt.

year was on account of initial weaker spot market and the period rates being renewed at lower levels as compared to their earlier levels. Around 73% of the total tanker earnings were derived from time charters. Overall though, the performance was in line with your Company's strategy of managing the freight volatility without underperforming the spot market over the long-term.

Your Company's sole LPG carrier continued the 3 year contract and earned an average TCY of $17,246/day (previous year $ 17,091/day).

TANKER FLEET CHANGES

In FY 2002-03, your Company sold a newly built Aframax tanker with delivery direct from the yard. Your Company also sold a 17-year old MR product tanker "Jag Pankhi" in the first half of the year. In the last quarter of FY 2002-03, your Company bought a second hand Panamax product carrier and renamed "Jag Arpan" and also took delivery of a newly built double hull MR product carrier "Jag Prakash".

During FY 2002-03, your Company placed orders for an MR product tanker and a Suezmax crude tanker due for delivery in July 2004 and April 2005 respectively. In May 2003, an order was also placed for a Suezmax tanker due for delivery in July 2005. Including the Aframax tanker ordered in FY 2000-01, your Company now has 4 new building tankers on order aggregating 0.47 mn dwt.

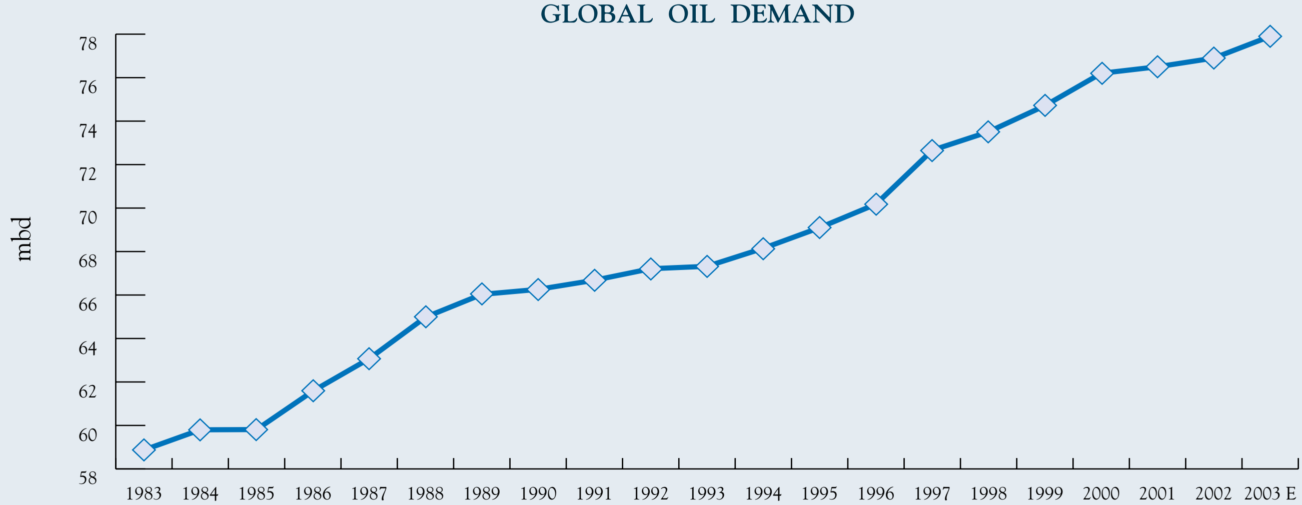
In April 2003 (FY 2003-04), another second hand Panamax product carrier renamed 'Jag Anjali' was acquired. This was followed by the delivery of 2 newly built double hull tankers viz. an MR product tanker "Jag Pankhi" (same name as the tanker sold earlier) and an Aframax crude carrier "Jag Lata" in May 2003. The current tanker fleet of your Company stands at 22 tankers aggregating 1.22 mn dwt, with an average age of 10.8 years. Of this 51% has double hull and 85% of the tonnage trade internationally.

Over the last 5 years, your Company's tanker fleet has grown from 0.92 mn dwt (including newbuildings) to 1.67 mn dwt (including newbuildings), an increase of 80%.

OUTLOOK FOR THE TANKER MARKET

Over the past 2 decades, global oil demand has inexorably grown through various global crises and differing economic conditions. With majority of the incremental oil demand being met by sea-borne imports, long-term fundamental outlook for tanker demand growth continues to be positive. For 2003, the world economy is estimated to grow at 3.2% as per IMF. IEA estimates a 1.3% growth in oil demand.

GLOBAL OIL DEMAND



Source : IEA

This demand growth is expected to be led by the Asia-Pacific region with India also growing in importance as an importing region.

Iraq remains the unpredictable swing factor.

The timing and extent of its resuming production could drive the tanker demand in the immediate short term and impact OPEC over the medium term.

Order book position as on end March 2003 stood at 61.2 mn dwt, about 2% higher than that of the previous year with substantial orders being placed in the later part of the year. The order book by the end of FY 2002-03 equaled 22% of the current fleet with around 73% of these deliveries expected to enter the market by end of 2004. This significant short-term supply needs to be viewed in relation to accelerated scrapping expected under regulatory requirements and hence fears of a supply deluge could prove unfounded.

DRY BULK BUSINESS

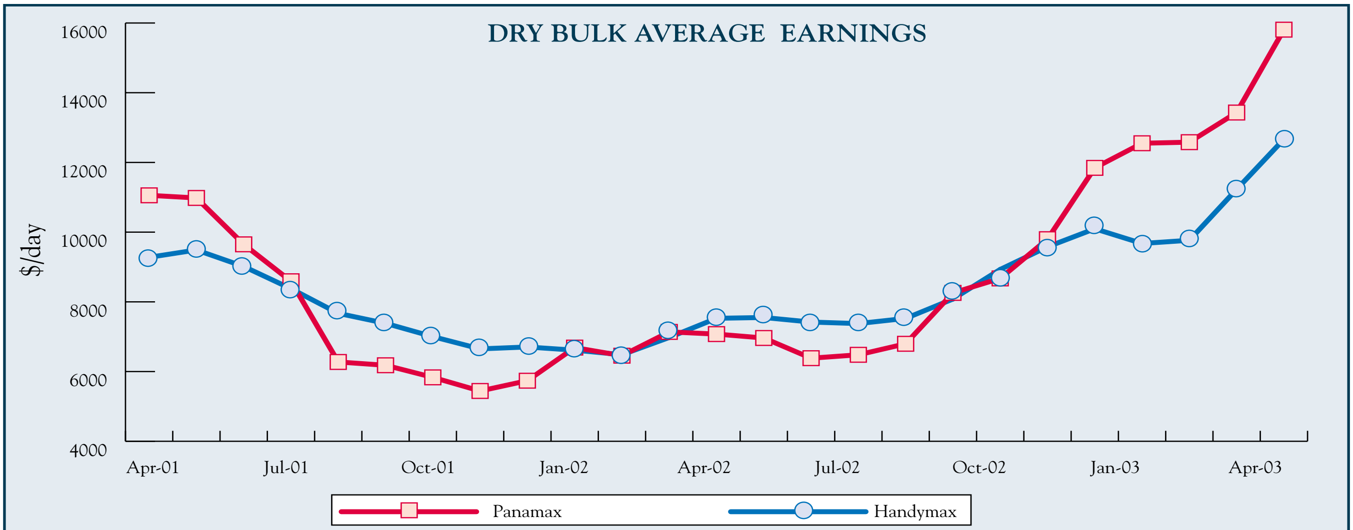
MARKET TRENDS AND ANALYSIS

Dry bulk market also climbed higher in FY 2002-03, though the rise was more gradual as compared to the tanker market. Dry bulk spot market earnings that had started moving northwards from the last quarter of FY 2001-02 maintained this trend throughout the year, though they gathered momentum only by the second half of FY 2002-03. Overall though, FY 2002-03 was a year of improved dry bulk earnings.

This improvement was primarily on the back of strong Asian demand. Asian trade forms the backbone of the dry bulk market with 50-60% of the imports moving into the East. China's accession into WTO and the relatively strong Asian economic growth benefited the dry bulk trade immensely. With the global steel industry's fortunes improving, global steel production increased by around 9% over that of the previous year reaching a level in excess of 900 Million Metric Tons. China maintained its status as the largest steel producer in the world with its steel production going up by an impressive 20%. This rise in steel production boosted iron ore and metallurgical coal trade into China. China imported approximately 113 Million Metric Tons of iron ore, an increase of 21% over FY 2001-02. These imports were mainly sourced from Australia and Brazil, with increased share of Brazil positively impacting the tonne mile demand.

During the year, Japan's coal imports were on the rise in wake of the shut down of its nuclear plants. Grain trade remained lackluster during the year. All major grain exporting countries like Australia, Canada and U.S. witnessed reduction in grain exports. The fall in U.S. coarse grain exports was substituted by exports from Argentina and Brazil.

The restricted fleet growth in face of increasing demand provided an added edge to the rally. Dry bulk fleet (net of demolition) grew by around 7-mn dwt, an increase of around 2% over the previous year. Over the past decade, there has been an inverse correlation between demolition volumes and freight markets, which continued during FY 2002-03. Demolition fell by about 43% amidst a promising dry bulk market, with the maximum fall recorded in the Panamax sector. Deliveries at 12.5 mn dwt dipped by around 35% as compared to FY 2001-02 with the Handy segment experiencing high deliveries.



Source : Clarksons' Research Studies

COMPANY PERFORMANCE

The performance of your Company's dry bulk fleet was in line with global trends. Around 16% of the total dry bulk earnings were derived from time charters with 61% derived from international operations. Though handicapped by their age, the dry bulk fleet managed to take advantage of the buoyant markets. The average TCY for dry bulk vessels was around $5,998/day as compared to $5,361/day in the previous year. The dry bulk sector's contribution was around 18% (previous year 21%) and 9% (previous year 8%) in the shipping division's revenue and operating profits respectively.

2 Handymax bulk carriers "Jag Radhika" and "Jag Rekha" were sold during the year. The current dry bulk fleet stands at 10 vessels aggregating 0.32 mn dwt with an average age of 18.5 years.

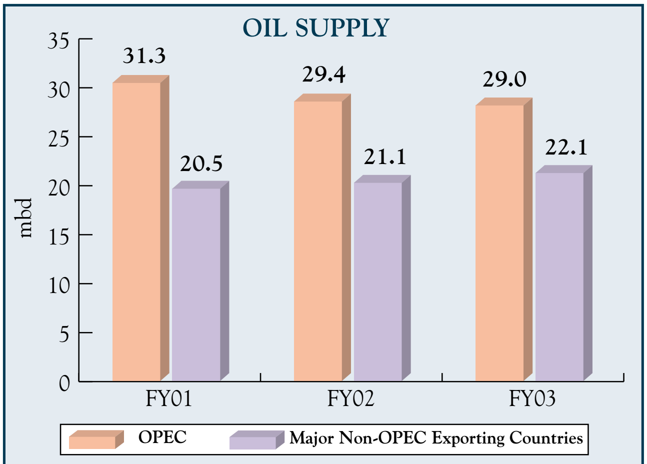
OUTLOOK FOR THE DRY BULK MARKET

With world economy forecast to grow at 3.2%, world trade is expected to gain momentum. China's ongoing reform programme is likely to stimulate steel and steel related movement. Rebuilding of Iraq would offer additional opportunities for transportation of dry bulk commodities. With Asian economies continuing to grow, volumes of trade are expected to be healthy.

The order book position as on the year-end stood at 33.49 mn dwt, 46% higher than that of the previous year with substantial orders for Capesize and Panamax vessels. The order book in past few months has increased substantially which would provide a balance between growing commodity demand and tonnage supply. The dry bulk order book by the end of the FY 2002-03 equalled 11% of the current fleet with around 70% of the deliveries expected by end of 2004.

Risks and Concerns of the Shipping Division

- ***Market Developments***: Non-OPEC oil producers like the Former Soviet Union (FSU) have been gaining market share at the expense of the Middle-Eastern producers. With their proximity to major importing regions and ability to deliver via pipelines (existing and proposed), demand growth for tankers could be negatively impacted for the short to medium term. The silver lining for your Company is that with these oil exports expected to move mainly on Aframaxes and Suezmaxes, the Company is well poised to counter this risk with its growing fleet of double-hulled Aframaxes and Suezmaxes.



Source : IEA

- ***Indian crude tanker scenario***: Tight regulations and charterers' disenchantment with single-hull crude oil tankers in the West have caused these vessels to migrate to the East. These old, often sub-standard vessels, sometimes in excess of 25 years of age, now dominate the business of carrying dirty crude within SE Asia (including India) leading to a downward pressure on freight rates.
- ***Aging dry bulk fleet***: Most of your Company's dry bulk fleet is old and unsuitable for timecharters and have to be deployed at a discounted freight rate in certain trades. This fully exposes the segment's earnings to the vagaries of the spot market. Though a step towards rectifying this was taken by purchasing a '95-built Panamax bulk carrier last year, the fleet remains mostly vulnerable to market movements. Your Company will continue to monitor market opportunities and will work towards creating a more balanced dry bulk fleet at an appropriate time.
- ***Shipboard personnel***: The gap between global demand and supply of quality officers, mostly of Indian origin, continues to widen every year. Though your Company continues to be the employer of choice for Indian officers, the unfavorable tax status of these officers on Indian-flagged vessels puts your Company at a disadvantage when sourcing its shipboard requirements. The presence of quality personnel on board is imperative for maintaining and further enhancing your Company's image as a top class operator.

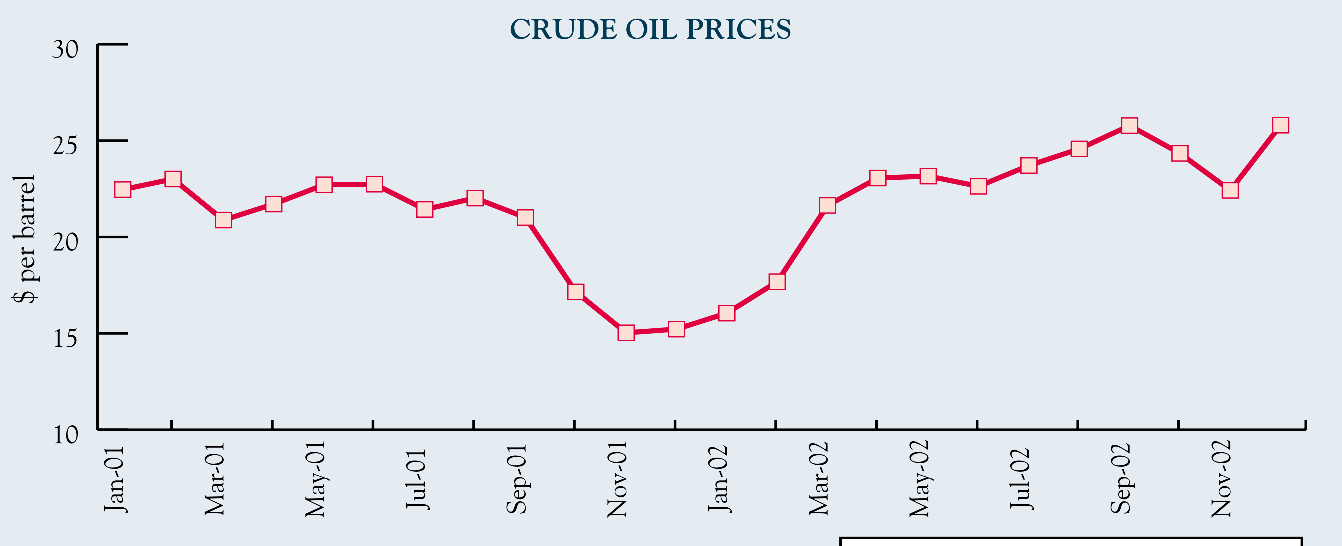
OFFSHORE DIVISION

In FY 2002-03, the Offshore division recorded total income of Rs.24316 lakhs (previous year Rs. 24792 lakhs) and earned a PBDIT of Rs. 9624 lakhs (previous year Rs. 11454 lakhs).

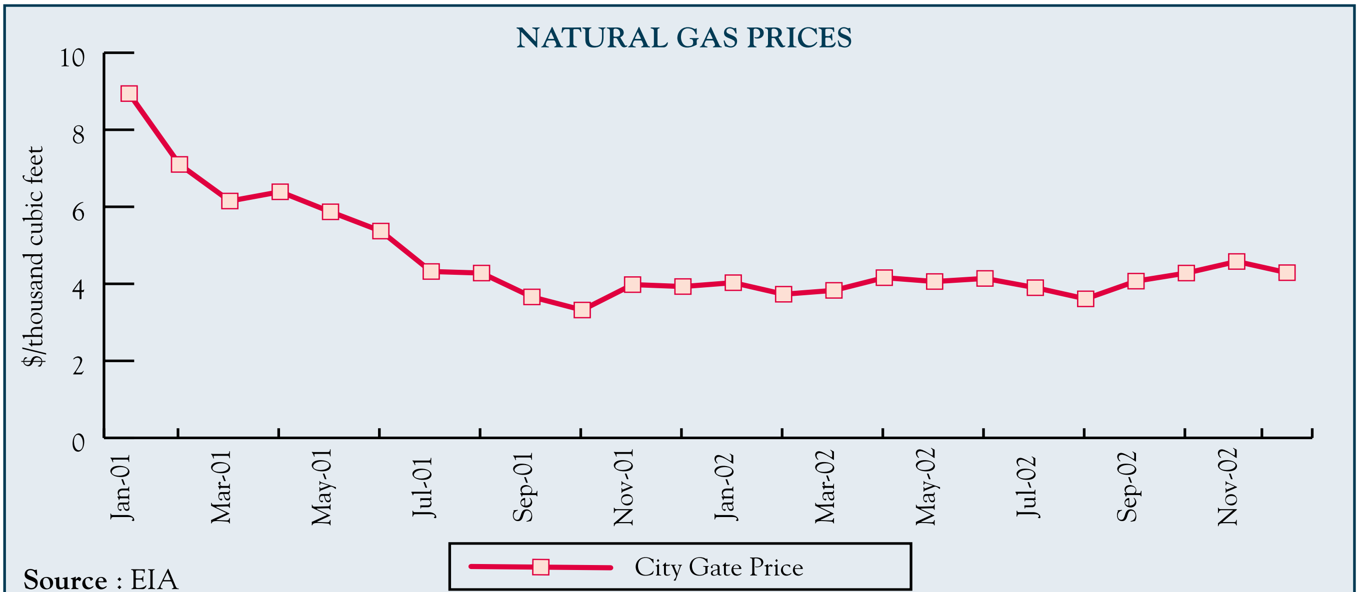
GLOBAL DEVELOPMENTS IN FY 2002-03

Globally there exists a strong correlation between oil & gas prices and drilling activities. As oil prices increase, oil companies register healthy cash flows and profits, which increases the availability of investible resources. This coupled with the optimism of earning higher returns associated with high oil prices, results in increased investments in drilling. However, this year despite high oil prices, exploratory drilling activities experienced a declining trend in most of the mature offshore environments. This disconnect was mainly because investors attributed the rise in oil price to ***uncertainty*** rather than pure fundamentals. Sustainability of rising oil prices was in doubt and hence, the Exploration and Production (E&P) operators concentrated their efforts and resources on production activities to reap the benefits of a short-term price rally. The global rig utilisation rate increased marginally to 79.7% by end March 2003 as against 78.8% in March 2002.

Offshore drilling activities softened in most parts of world. In the North Sea demand for rigs fell to their



Source : Energy Information Administration (EIA)



Source : EIA

lowest levels since late 1960s! Similarly, activities in the US Gulf also reduced. However, in West Africa drilling activities were robust especially developmental drilling. This resulted in migration of idle rigs from US Gulf and North Sea to West Africa. Realising the market potential, most of the oil majors have called for tenders for offshore drilling off West Africa. Drilling activities in Asia Pacific and India also observed an increasing trend.

The rise in deepwater activity, which has been a feature of the past few years, suffered a slow down this year. In fact, relets of assets ('chartered in' vessels) by many oil companies were observed in some parts of the world.

DOMESTIC DEVELOPMENTS IN FY 2002-03

The offshore services business is intrinsically tied up to the level of activity in exploration and production, and is restricted to operations off the coast of any country. Hence the Indian offshore sector is not necessarily influenced by global developments. Being a localised industry, the sector is primarily driven by Government's initiatives.

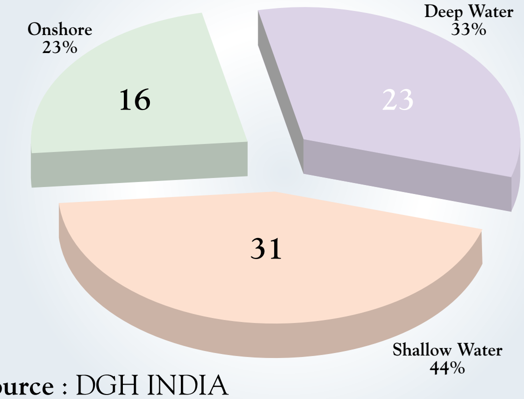
EXPLORATION AND PRODUCTION SECTOR

During the past few years, Indian Government's approach on E&P activities witnessed a radical change. After introduction of New Exploration Licensing Policy (NELP) in 1997, Indian E&P sector has undergone a paradigm shift. Contracts for around 70 blocks under three rounds of NELP have been signed in last 3 years as against 22 blocks in previous 10 years**.**

Highlights of the year:

- 23 blocks under NELP III were awarded of which 15 are offshore blocks.
- 24 blocks under NELP IV are being offered of which 13 are offshore. For the first time, ultra deep-water blocks are also offered.
- Major discoveries were made in the KG Basin and West Coast.
- ONGC has committed to spend around Rs. 750000 lakhs in redevelopment of Bombay High North and South fields.
- ONGC Videsh acquired oil equity in Sakhalin, Russia and Talisman, Sudan, which highlights India's efforts to move towards self-reliance by acquiring acreage abroad.

BLOCKS AWARDED UNDER THREE ROUNDS OF NELP



Source : DGH INDIA

DRILLING ACTIVITIES

The year saw an increased interest from foreign operators as a result of activities out of the earlier blocks awarded under NELP. Activities on the west coast, KG and Cauvery Basin on the east coast in terms of exploration of marginal fields and development drilling activities respectively were recorded. During the year, number of Rigs operating in India has increased by 6 Rigs, taking the total Contractor's Rigs to 17. The addition includes a Deep water Rig, deployed in KG project for about 6 months. This was in addition to the 10 ONGC owned rigs.

MARINE CONSTRUCTION

The year saw commissioning of 3 new platforms for ONGC and 2 platforms for a private operator. Besides this, platform upgradation/modification work including repair & maintenance work at various offshore platforms has been undertaken.

OFFSHORE SUPPORT VESSEL SERVICES

During the year, total requirement for offshore support vessels in Indian Waters remained stable around 70-80 vessels. The Offshore Block Operators hired between 6 and 15 vessels; with most of them being hired on short tenures ranging around 3 - 12 months. Due to increased activities at water levels between 300 - 700 m, there has been a trend amongst Oil Block Operators to opt for more powerful vessels.

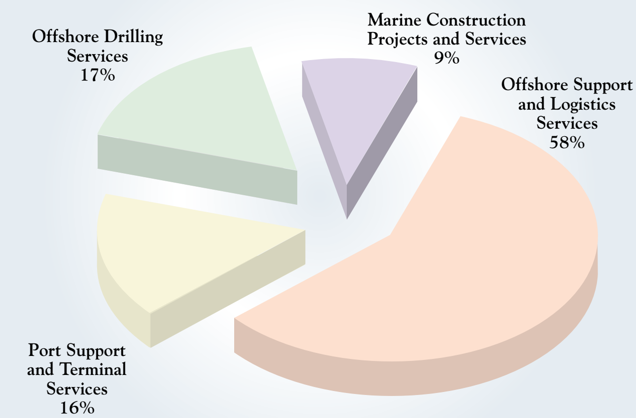
PORT AND HARBOUR TUG SERVICES

With Government's lukewarm efforts towards the corporatisation of ports, the privatisation process of the harbour tug services remained static during the year. Due to unaddressed labour issues, certain ports lagged in implementing improvements. This affected the harbour tug business during the year.

The joint sector and private sector ports mainly in Gujarat have recorded developments by creating additional jetties / terminals, enhancing loading / unloading facilities and other infrastructural support like rail/road connectivity. There has been an improvement in the performance of these ports during the year.

COMPANY PERFORMANCE

SEGMENT REVENUE DISTRIBUTION FY 2002-03



OFFSHORE DRILLING SERVICES

Historically, earnings from rigs had a significant contribution in the total revenue of the offshore division. However, in FY 2002-03 your Company's rigs witnessed a fall in the utilisation rate to around 48% (previous year 95%) due to idling of the drill barge.

The Jack-up rig 'Kedarnath' after completion of a 2 year contract, underwent a 60 day dry-dock survey (UWILD). This was towards preparation for the next two-year contract with ONGC which has already commenced.

After successfully completing the last assignment, drill barge 'Badrinath' was awaiting a contract during the year. 'Badrinath' is undergoing extensive refurbishment wherein the main equipment will be repaired by OEMs and upgraded to meet international API standards. "Badrinath" will also undertake a special survey. "Badrinath" has been chartered to Deep Water Services (India) Pvt. Ltd. (a wholly owned subsidiary) for deployment with ONCG on a 3 year contract.

The rig "Kedarnath" undertook successful drilling of well B170-A. This location was pending for the last 9 years due to geological complications expected to be encountered while drilling the well. This accomplishment was a testimony to the technical competence of the crew and capability of the jack–up rig.

MARINE CONSTRUCTION PROJECTS AND SERVICES

Your Company's sole construction barge, "Gal Constructor" experienced a successful year with utilisation rate of 86% as against 48% in FY 2001-02. Every year during the monsoon period, marine construction projects are kept in abeyance in India due to which "Gal Constructor" had to idle for a few months. This year, "Gal Constructor" performed its first ever contract in international waters for approximately 3 months during this period.

The barge was employed with reputed clients like Sembawang Maritime Offshore & Engineering Pty. Ltd. - Singapore, Dolphin Offshore Enterprises (I) Ltd. and Larsen and Toubro Ltd.

OFFSHORE SUPPORT & LOGISTICS SERVICES

With induction of technologically advanced vessels like "Malaviya Sixteen" and "Malaviya Eighteen" (the first Platform Supply Vessels (PSV) to be owned under an Indian flag) the performance of this business has improved. The average annual utilisation level for the offshore support vessels increased to 87% in FY 2002-03 as compared to 84% the previous year.

Your Company's vessel "Malaviya Ten", (which is the only deepwater Anchor Handling Tug and Supply Vessel (AHTSV) under Indian flag), has successfully carried out anchor handling in depths ranging from 600-900 meters. "Malaviya Twelve" acted as a support vessel for Cairn Energy India Pte Ltd. for carrying out acid stimulation of oil wells in Ravva Field on the East Coast of India. This job is normally done by Specialised vessels and is an achievement in itself. "Malaviya Two", an AHTSV was chartered by Saudi Aramco throughout the year and deployed in the

Arabian Gulf. "Malaviya Sixteen" was deployed for the full year in the ***North Sea*** and was chartered to leading offshore operators.

PORT SUPPORT AND TERMINAL SERVICES

In spite of slowdown in efforts taken by Government to develop port and terminal services, your Company's harbour tugs' utilisation level increased during the year. The average annual utilisation level of harbour tugs reached 80% in FY 2002-03 as against 75% in the previous year.

Your Company's 45T Bollard Pull harbour tug "Vahbiz", towed the 121 m long, 54 m wide, 3500 tonne bridge from Jebel Ali to Bahrain. This is a commendable performance for a tug of that caliber. Similarly, 40T Bollard Pull harbour tug "Jyotsna S", supported the berthing/unberthing operations of the first ever Capesize vessel 'Silver Clipper' (LOA 270 mtrs) which called the port of Mundra during the month of August 2002. During the year, two harbour tugs supported various rig loading/unloading activities. The harbour tugs serviced wide client base like Mundra, Pipavav Port, Jawaharlal Nehru Port, Tuticorin Port, Mumbai Port, Kolkata Port to name a few.

AIR LOGISTICS SERVICES

The 2 helicopters operated by your Company continued to be on charter with British Gas Exploration and Production India Limited (BG). Since the time BG started operating in India, your Company's helicopters have been continuously servicing them. These repeated orders have been won on tender basis reflecting the technical and cost competence of your Company. The average annual utilisation level for the year reached 66% as against 75% in the previous year. The proposed joint venture in this area of business is under implementation.

OUTLOOK FOR OFFSHORE SERVICES

In India, the reserves of Bombay High and its satellite fields upto 300 meters depths are depleting. Major operators like ONGC, Cairn, BG have initiated rejuvenation plans with a view to arrest further decline. Other offshore fields upto 300 meters depths and beyond need to be explored which could bring about growth opportunities. Government's initiatives on this front would provide the desired thrust to the sector. Of the 13 offshore blocks offered under NELP IV, 12 are deep-water blocks. Such domestic developments have made environment conducive for the growth of oil and gas field services in India and the sector looks forward to growth avenues.

ONGC has made a significant change in their strategy for sourcing vessels and have floated an integrated tender for their total annual OSV requirements. However, a combination of PSVs, High Power AHTSVs and the currently used 50/60T BP AHTSVs is likely to remain ONGC's main stay for their support service requirements in the next 3 - 5 year period.

OUTLOOK FOR PORT SUPPORT AND TERMINAL SERVICES

With additional terminals coming up in JNPT, NMPT, Cochin and Vizag in the near future the situation in the harbour tug market is likely to improve in the foreseeable future. The Petronet LNG Terminal at Dahej is now taking a concrete shape and there is likelihood that a few more LNG terminals in the western coast could finally see the light of the day. The likely upcoming facilities are BG Terminal at Pipavav and Shell's Terminal at Hazira. As a consequence, the tug requirement in the port and terminal sector is likely to grow in the next 2 - 5 years.

Risks and Concerns of the Offshore Division

- ***Aging Fleet Profile:*** Your Company's offshore fleet is old, thereby restricting deployment in certain trades. Your Company is addressing the issue and looking at opportunities for revamping its fleet.
- ***Absence of Deep-water assets:*** The importance of deep water drilling services is emerging in India and your Company is evaluating options to equip itself with competencies and adequate assets.
- ***Huge dependence on Government business:*** The E & P sector in India is not fully developed. Various initiatives have been taken to encourage private sector participation. Your Company has diversified its revenue source and has been associated with other private sector and foreign E & P operators both internationally and in India.
- ***Tender driven business:*** There has been a structural improvement with regard to tenders as well the process of tendering which is a positive step. Your Company is expanding its client base

and making a presence in international waters as well. In FY 2002-03, around 17% of the revenues of the offshore division was derived from international operations.

SAFETY AND TRAINING

In the Shipping Division, shore-based training in non-mandatory courses has now been extended to include not only junior officers but also crew. A total of 282 shipboard personnel were trained in FY 2002-03 as compared to 187 officers in FY 2001-02. The training programs have been continuously evolved to include Safety Management Systems, Port State Control, Environment Protection, Bridge Team Management and various technical & behavioral related courses.

In the Offshore Division, emphasis was laid on providing additional value-based training for the vessel and shore staff. A Computer-Based Training (CBT) programme on the Company's Safety Management System was developed in-house and introduced for use of the Officers on offshore support vessels. A software programme entitled "Ship Mate" developed by Indian Register of Shipping (IRS) for working out the impact and damage stability has been introduced on board the PSVs. Training needs of the floating staff were identified and various relevant though non-mandatory training programmes were conducted for the staff of the Rigs, Barge, OSVs and Harbour Tugs. During the year, 385 officers and crew (previous year 122) underwent various non-mandatory training courses.

After imparting Modern Safety Management training programmes the reporting levels have been steadily improving. Reporting near misses helps to identify potential problem areas and helps put in place corrective measures to eliminate or minimise the number of accidents.

"Malaviya Sixteen" met the safety standards demanded by the Charterers and Port State Inspectors for offshore operations in the North Sea which is commendable. "Malaviya Sixteen" successfully underwent a third party audit popularly known in UK as Common Marine Inspection Audit which uses common auditing standards for the Offshore Marine Industry to confirm that the subject meets the requirements set out jointly by UKOOA (UK Offshore Operators Association) and Chamber of Shipping.

BALLAST WATER MANAGEMENT

The introduction of invasive marine species into new environments by ships' ballast water has been identified as one of the greatest threats to the world's oceans. Exchanging ballast at sea in accordance with an approved Ballast Water Management Plan (BWMP), as recommended by the International Maritime Organisation (IMO) guidelines currently provides the best-available measure to reduce the risk of harmful transfer of aquatic organisms.

In line with your Company's commitment to protect marine environment and provide greater acceptability to its fleet at terminals worldwide, your Company has proactively implemented BWMP, prior to it becoming mandatory. Plans in case of 17 tankers, 3 bulk carriers and a gas carrier have already been approved by Lloyd's Register, leading to descriptive note for the ships and a certification for the Company.

MARITIME SECURITY CODE

Post September 11, emphasis on maritime security has increased. IMO perceived that maritime establishments, with port facilities and ships alike, could be susceptible to terrorist targets. With this in mind, IMO has recommended mandatory implementation of International Ship and Port Facility Security (ISPS) Code for all vessels over 500 tons GRT engaged on international voyages. This needs to be complied with by July 1, 2004.

The compliance to this Code will require each vessel's Security Assessment to be carried out by a competent person. It would also include training for designated Company Security Officer(s) and shipboard personnel. Your Company has already initiated the exercise. Security assessments of 12 tankers that are trading between sensitive areas have been completed and implementation of various recommendations as a result of these assessments is underway. Though the offshore division's assets are predominantly in coastal waters the offshore division has also initiated effective steps towards implementing ISPS code on its vessels operating in international waters.

JOINT VENTURE AIR LOGISTICS BUSINESS

With a view to pursue opportunities in the air logistic business your Company, last year, entered into a Joint Venture agreement with Qatar Petroleum (QP), UB

Air and United Helicharters Pvt. Ltd. for providing helicopter services. Foreign Investment Promotion Board (FIPB) have recently cleared the Joint Venture proposal. Your Company will hold 26% of the initial paidup capital of Rs.2000 lakh in Joint Venture Company.

PARTICIPATION IN DISINVESTMENT OF SHIPPING CORPORATION OF INDIA LTD. (SCI)

During last year, your Company had filed an expression of interest for participating in disinvestment of SCI shares. The disinvestment process was taking more time than your Company expected. With uncertain time frame for completing disinvestment, your Directors were of the opinion that the Company would be losing other important investment opportunities and hence decided to withdraw from the disinvestment process.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the Consolidated Financial Statements have been prepared by your 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 together with Auditors Report thereon form part of the Annual Report.

From the Consolidated Financial Statements it may be observed that the net profit for the group for the year ended March 31, 2003 amounted to Rs. 21218 lakhs as compared to Rs. 21651 lakhs for the Company. Further the networth of the group (excluding preference shares) as on March 31, 2003 was Rs. 116387 lakhs as compared to Rs. 116365 lakhs for the Company.

DEBT FUND RAISING

During the year under review, your Company borrowed $ 29.76 mn as External Commercial Borrowings (ECB) and Rs.9000 lakhs by way of Private Placement of Non Convertible Debentures (NCDs) at a coupon rate of 8.95%, redeemable in 2007.

Since April 2003, your Company has raised debt of $ 59.65 mn through ECBs for fleet expansion.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

The internal control systems are monitored by a firm of external Chartered Accountants. The Audit Committee annually reviews the terms of reference and enhances the scope, whenever necessary, to cover relevant transactional facets of the business. The reports by the Internal Auditors are discussed at the Audit Committee.

IT INITIATIVE

Your Company now is consolidating on projects completed through earlier initiatives. After targeting operational efficiencies and effective cost control measures in year 2001-02 your Company has now embarked upon administrative efficiencies and cost control measures using tools like Document Management, integrated Human Resources Management Systems, and systems to enhance working of back office operations. Your Company is at an advanced stage of implementing computerised Planned Maintenance System on all its vessels. This will enable monitoring the maintenance status of key equipments and inventory of spares on board the vessels as well as in office.

HUMAN RESOURCES

Over the last few years, your Company has moved from India-centric operations to global operations. This has brought with it the need for skills and knowledge to successfully meet the requirements of different charterers and port states. Also, with the added emphasis placed on the safe operation of maritime assets, the need for training has grown exponentially, and your Company has focussed on this vital area. The training given not only covers knowledge and technical skills but also lays stress on behavioural areas, like creating a 'safety mindset', and attitude-building. This has been done across the organisation, among the floating staff as well as the shore staff.

In its quest for excellence, your Company has also made significant strides in inculcating a 'performance culture' among its people. Goals have been set at all levels of shore staff as part of the Performance Management System. Training has also been provided to the managers to improve critical leadership skills in coaching, mentoring and providing feedback. The system is also expected to focus on the training required to achieve the desired goals.

As on March 31, 2003, your Company had 263 shore staff and 521 floating staff.

SUBSIDIARY COMPANIES

Statement of Accounts of the Company's subsidiaries namely The Great Eastern Shipping Co. London Ltd., London, The Greatship (Singapore) Pte Ltd., Singapore, The Great Eastern (Fujairah) L.L.C-FZC, Fujairah, The Great Eastern Investments Ltd., Greatship (India) Ltd. and Deep Water Services (India) Pvt. Ltd., are annexed to this report.

The Great Eastern Investments Ltd. and Greatship (India) Ltd. were incorporated (wholly owned subsidiaries) as Special Purpose Vehicles through which your Company proposed to invest in SCI. Consequent upon withdrawal from SCI's disinvestment process, your Company has initiated steps for winding up these subsidaries.

Deep Water Services (India) Pvt. Ltd. (Deep Water) was incorporated as a wholly owned subsidiary to undertake Offshore drilling activities like deep water drilling, development and production drilling. Deep Water have successfully bid for charter hire contract of a rig under a tender issued by ONGC for a period of 3 years. To fulfill its commitment, Deep Water has chartered your Company's drill barge "Badrinath".

DIRECTORS

Your Directors deeply regret to inform shareholders about the sad demise of Mr. K.P. Byramjee on December 24, 2002. He was a Director on the Board of Directors of your Company since June 1989. His active participation and contribution at the meetings of the Board and various Committees have been invaluable. Your Directors place on record the valuable guidance and support extended by him during his tenure as a Director.

Mr. Keki Mistry was appointed as a Director to fill the casual vacancy created by the sad demise of Mr. K.P. Byramjee and Mr. Cyrus Guzder was appointed as an Additional Director on the Company's Board with effect from March 14, 2003. Both the Directors cease to be Directors on the date of the 55th Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 have been received in respect of their appointment as Directors on the Board.

Ms. Asha V.Sheth and Mr. T.N. Pandey retire by rotation and being eligible offer themselves for reappointment.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, Corporate Governance Report is attached as Annexure A to this report. Certificate of Auditors regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange is also attached and forms a part of Annexure A.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, an amount of Rs.19 lakhs, being unclaimed 41st Dividend and unclaimed refund amount of an earlier Rights Issue was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

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 have been followed alongwith 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 your 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 your Company is required to furnish prescribed information regarding conservation of energy and technology absorption. This, however, does not apply to your 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 lakhs
(a) Foreign Exchange earned and saved (on account of freight, charter hire earnings and includes Foreign Exchange savings of Rs.39826 lakhs).	119973
(b) Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships, interest paymet.	68684

PARTICULARS OF EMPLOYEES

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

AUDITORS

M/s. Kalyaniwalla & Mistry, Chartered Accountants, the Auditors of your Company, who hold office until the conclusion of the forthcoming Annual General Meeting being eligible, offer themselves for reappointment.

FORWARD LOOKING STATEMENTS

Statements and words in the Management Discussion and Analysis describing your Company's objectives, strategy, projections, estimates, predictions and expectations may be "forward-looking statements" concerning future events which could influence/ impact your Company's future operations, performance and financial condition.

These statements involve known and unknown risks and are based upon a number of assumptions and estimates, which are inherently subject to certain uncertainties and contingencies, many of which are beyond the control of your Company. This may cause actual results to differ materially from those expressed or implied by such "forward-looking statements".

By their very nature, these expectations and projections are only estimates and could materially differ from actual results in the future. Hence, your Company exercises no control whatsoever on such future events, your Company cannot guarantee their accuracy nor can it warrant that the same will be realised.

APPRECIATION

Your Directors express their sincere thanks to all customers, charterers, vendors, investors, shipping agents, bankers, insurance companies, protection and indemnity clubs, consultants and advisors for their continued support throughout the year. Your Directors desire to place on record their appreciation to all employees for their hard work, dedication and commitment.

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

For and on behalf of the
Board of Directors

K.M. Sheth
Executive Chairman

Mumbai, June 10, 2003.

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 11 Directors as on March 31, 2003.

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

Category	Name of Director & Designation	No. of other Directorships and Committee membership/Chairmanship			
		Public Co.	Pvt. Co. membership	Committee Chairmanship	Committee
Promoter Executive Directors	Mr. K.M. Sheth, Executive Chairman	1	–	–	–
	Mr. S.J. Mulji, Executive Dy. Chairman	5	–	–	–
	Mr. Vijay K. Sheth, Managing Director	5	9	–	–
	Mr. Bharat K. Sheth, Managing Director	4	–	–	–
Promoter Non-Executive Director	Ms. Asha V. Sheth	–	3	–	–
Independent Non-Executive Directors	Mr. R.N. Sethna	6	1	6	2
	Mr. A.K. Parikh	1	–	–	–
	Mr. Manu Shroff	7	–	9	3
	Mr. T.N. Pandey	1	–	3	2
	Mr. Keki Mistry*	13	1	10	1
	Mr. Cyrus Guzder*	11	10	8	4

* Consequent to the sad demise of Mr. K.P. Byramjee on December 24, 2002 the composition of the independent Directors fell below the required number of independent Directors (50%). The Board of Directors of the Company fulfilled the requirement by appointing 2 independent Directors namely Mr. Keki Mistry and Mr. Cyrus Guzder on March 14, 2003.

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	13	13	Yes
Mr. S.J. Mulji	13	5	No
Mr. R.N. Sethna	13	12	Yes
Mr. A.K. Parikh	13	12	Yes
Mr. Manu R. Shroff	13	13	Yes
Mr. T.N. Pandey	13	11	Yes
Ms. Asha V. Sheth	13	10	No
Mr. K.P. Byramjee ***	13	9	Yes
Mr. Vijay K. Sheth	13	13	Yes
Mr. Bharat K. Sheth	13	13	Yes
Mr. Keki Mistry @	13	1	No
Mr. Cyrus Guzder @	13	1	No

* The Board of Directors met 13 times during the year on the following dates :

April 12, 2002, April 30, 2002, June 14, 2002, July 30, 2002, August 30, 2002, September 30, 2002, October 29, 2002, November 21, 2002, December 02, 2002, December 20, 2002, January 16, 2003, February 04, 2003 and March 14, 2003.

** Annual General Meeting (AGM) held on July 25, 2002.

*** Mr. K.P. Byramjee attended 9 out of 10 meetings held upto the date of his sad demise on December 24, 2002. He also attended the last AGM.

@ Mr. Keki Mistry and Mr. Cyrus Guzder were appointed at the Board meeting held on March 14, 2003, which they attended.

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.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company or 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 (As on March 31, 2003)

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. Manu R. Shroff

Mr. K.P. Byramjee was a member of this committee till the date of his sad demise on December 24, 2002

C) The Committee met 7 times on April 30, 2002, June 14, 2002, July 30, 2002 (which was adjourned to July 31, 2002) October 29, 2002, November 21, 2002, January 16, 2002 and March 14, 2003 during the financial year 2002-03 and the attendance of the members of the Committee were as follows :

Director	No. of Meetings	
	Held	Attended
Mr. R.N. Sethna	7	6
Mr. K.P. Byramjee	7	4*
Mr. Manu R. Shroff	7	7
Mr. T.N. Pandey	7	6

* Mr. K.P. Byramjee attended 4 meetings out of 5 meetings held prior to his sad demise on December 24, 2002.

4. REMUNERATION COMMITTEE

A) Terms of Reference

The Remuneration Committee determines 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 (As on March 31, 2003)

The Remuneration Committee comprises of the following Directors namely :

(1) Mr. R.N. Sethna – Chairman
(2) Mr. A.K. Parikh
(3) Mr. T.N. Pandey
(4) Mr. Manu R. Shroff

Mr. K.P. Byramjee was a member of this committee till the date of his sad demise on December 24, 2002

C) Attendance during the year

The Committee met 3 times on April 11, 2002, April 30, 2002 and June 07, 2002 during the financial year 2002–2003 and the attendance of the members of the Committee were as follows :

Director	**No. of Meetings**	
	Held	**Attended**
Mr. R.N. Sethna	3	3
Mr. K.P. Byramjee *	3	3
Mr. A.K. Parikh	3	3
Mr. T.N. Pandey	3	3
Mr. Manu R. Shroff	3	3

* Ceased to be a member from December 24, 2002

D) Remuneration Policy

The Remuneration Committee of the Board constituted in compliance with the SEBI guidelines has framed the compensation structure for the working Directors and the Committee reviews the same from time to time based on certain performance parameters, growth in business as well as profitability and in line with the best practices prevailing in the industry.

E) Details of Remuneration paid to all Directors

I) Wholetime Directors

The details of payment to the Wholetime Directors for the financial year 2002-03 are given below :

Wholetime Director	**Salary (Rs.)**	**Commission (Rs.)**
Mr. K.M. Sheth	77,15,022	NIL
Mr. S.J. Mulji	69,13,062	NIL
Mr. Vijay K. Sheth	68,91,416	60,00,000
Mr. Bharat K. Sheth	69,38,513	60,00,000
Total	**2,84,58,013**	**1,20,00,000**

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-Wholetime Directors for the financial 2002-03 are given below:

Non-Executive Director	Sitting Fees (in Rs.)	Commission (in Rs.)
Mr. Rusi N. Sethna	1,15,000	500,000
Mr. K.P. Byramjee	95,000	500,000
Mr. A.K. Parikh	85,000	500,000
Mrs. Asha V. Sheth	50,000	500,000
Mr. Manu Shroff	1,30,000	500,000
Mr. T.N. Pandey	1,15,000	500,000
Mr. Cyrus Guzder	5000	50,000
Mr. Keki Mistry	5000	50,000
Total	6,00,000	31,00,000

Note : 1) Sitting Fees include sitting fees for attending Committee meetings,
2) 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 (As on March 31, 2003)

The Committee comprises of the following Directors namely :

(1) Mr. T.N. Pandey – Chairman
(2) Mr. R.N. Sethna
(3) Mr. A.K. Parikh
(4) Mr. Manu R. Shroff

Mr. K.P. Byramjee was a member of this committee till the date of his sad demise on December 24, 2002

Compliance Officer – Mr. Jayesh M. Trivedi, Company Secretary.

C) During the year under review, 679 complaints were received from investors which were replied/ resolved to the satisfaction of the investors. 3 complaints required reference to old records and hence were resolved beyond a period of 30 days.

11 requests for transfer and 268 requests for dematerialisation were pending for approval as on March 31, 2003. These pending requests were duly approved and dealt with by the Company.

6. GENERAL MEETING

Details on Annual General Meetings

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

Date & Year	Time	Location
July 25, 2002	3.00 p.m.	Nehru Centre, Dr. A.B. Road, Worli, Mumbai – 400 018
July 26, 2001	3.00 p.m.	Nehru Centre, Dr. A.B. Road, Worli, Mumbai – 400 018
August 30, 2000	3.00 p.m.	Chavan Centre, Gen. Jagannath Bhosle Marg, Mumbai – 400 021

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 special resolution requiring Postal Ballot is proposed at the ensuing Annual General Meeting.

7. DISCLOSURES

a) 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 is 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.

b) 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.

8. MEANS OF COMMUNICATION TO SHAREHOLDERS:

Timely disclosure of information on business and financial performance of the Company is an integral part of good governance.

Your Company disseminates information about its operations, business and financial performance to stock exchanges, media, shareholders, analysts and society at large. The Quarterly/Half yearly results were announced within a period of 30 days of the end of each quarter while the audited results were announced within 33 days of the end of the financial year. The particulars of your Company, its business and operations are available on the corporate website **www. greatship.com**.

The results were published, inter alia, in "The Economic Times", "Free Press", "Hindu Business Line", (English) and "Maharashtra Times/ Navshakti" (vernacular) from Mumbai and on all India basis in "Business Standard" (English). These newspapers have been selected on the basis of their circulation and in the areas where vast majority of our Shareholders are located.

Regular updates and developments impacting the business and financials together with data on shareholding pattern etc. are also notified to the stock exchanges – The Stock Exchange, Mumbai & The National

Stock Exchange in India and Luxembourg Stock Exchange. Same information is also shared with media and the investor community. SEBI has launched the Electronic Data Information Filing and Retrieval System (EDIFAR), wherein your Company has been posting the information related to the financial results, shareholding pattern and the disciplinary action, if any, initiated against your Company by any regulatory authority on the website called www.sebiedifar.nic.in.

Your Company's official Press Releases are also available and archived on the corporate website www.greatship.com. Presentation made to analysts, institutional investors and the media on May 2, 2003, the day of the declaration of the Annual Results for FY 03 have been posted on the website.

The Board Report deals with all matters stipulated under the Management Discussion and Analysis Report.

9. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting

Date	:	Thursday, July 24, 2003
Time	:	3.00 p.m.
Venue	:	Rama Watumal Auditorium K.C. College, Churchgate, Mumbai – 400 020

b) Financial Calendar
(April 1, 2003 – March 31, 2004) :

i) 55th Annual General Meeting – July 24, 2003

ii) 1st Quarterly result – Last week of July 2003
2nd Quarterly Result – Last week of October, 2003
3rd Quarterly Result – Last week of January 2004.
4th Quarterly Result – Last week of April 2004.

c) Book Closure date : Thursday, July 17, 2003 to Thursday, July 24, 2003 (both days inclusive)

d) Dividend Payment Date : On or after July 29, 2003

e) Listing on Stock Exchanges : Equity Shares are listed on the following Stock Exchanges :

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001.

National Stock Exchange of India Ltd.
"Exchange Plaza",
Bandra–Kurla Complex, Bandra(E),
Mumbai – 400 051.

Global Depository Receipt 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 700075, 76 NSE P5 05 & P6 06
g)	ISIN No.		Equity	–	INE 017A01024
			Preference	–	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 – 28215168 022 – 28329828 Fax : 022 – 28375646 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	:	15,69,78,246 equity shares which is 82.48% of the paid-up capital as on March 31, 2003 has been dematerialised.
n)	Outstanding GDR's	:	4,04,967 GDR's are outstanding as on March 31, 2003
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 Tel. : 022–56613000 022–24922200 Fax : 022–24925900 Email : shares@greatship.com
	With the Registrar	:	Sharepro Services Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East) Mumbai – 400 099 Tel : 022–28215168 022–28329828

ADDITIONAL SHAREHOLDERS INFORMATION

1. 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 1996 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1996.

TABLE – 1

DATES OF TRANSFERING UNCLAIMED DIVIDEND TO THE CENTRAL GOVERNMENT

Year	Dividend No.	Type	Date of Declaration	Date of Proposed Transfer to Central Government
1996	42	Final	26-Sep-96	07-Nov-03
1997	43	Final	18-Aug-97	29-Sep-04
1998	44 I	Interim	22-Jan-98	05-Mar-05
1998	44 F	Final	03-Aug-98	14-Sep-05
1999	45	Final	30-Jul-99	10-Sep-06
2000	46 I	Interim	23-Mar-00	04-May-07
2001	47	Final	26-Jul-01	25-Aug-08
2002	48	Final	25-Jul-02	24-Aug-09

TABLE – 2

UNCLAIMED DIVIDEND AS OF MARCH 31, 2003

Year	Dividend No.	Type	No of warrants issued	No of warrants unclaimed	% Unclaimed	Amount of dividend (Rs. lakhs)	Dividend Unclaimed (Rs. lakhs)	% Unclaimed
1996	42	Final	208403	9006	4.32	5142	25.07	0.48
1997	43	Final	205106	10687	5.21	8626	41.42	0.48
1998	44 I	Interim	201942	13468	6.67	7189	41.87	0.58
1998	44 F	Final	204276	13206	6.46	4313	23.59	0.54
1999	45	Final	199211	12772	6.41	5751	35.76	0.62
2000	46 I	Interim	188606	10380	5.50	3883	27.43	0.70
2001	47	Final	160040	11703	7.70	5937	49.68	0.84
2002	48	Final	159175	11926	7.49	6981	70.28	1.00

2. 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.

3. 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 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.

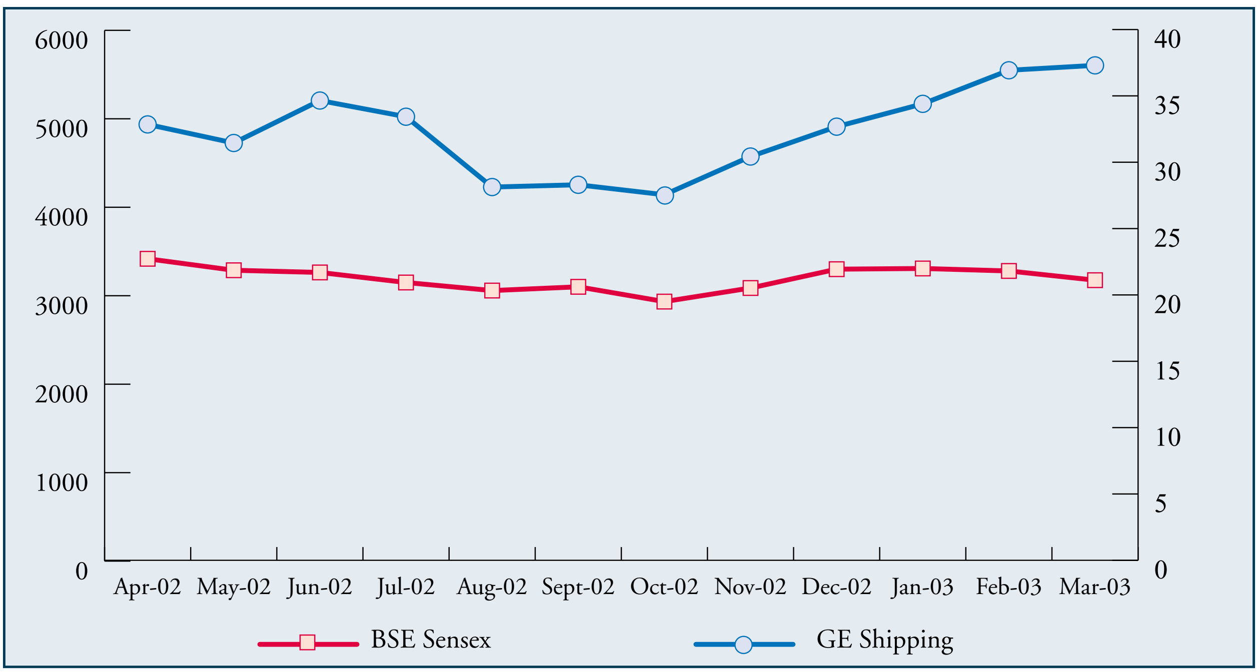
APPENDIX – A

MARKET PRICE DATA-HIGH/LOW DURING EACH MONTH IN THE YEAR 2002-03

Month	Market Prices (Rs.)		
	Highest	Lowest	Volume
April 2002	35.50	30.20	1,56,92,175
May 2002	34.60	28.30	22,78,609
June 2002	40.90	28.40	98,26,777
July 2002	40.80	26.05	30,33,583
August 2002	29.90	26.35	9,19,925
September 2002	29.60	27.00	5,82,533
October 2002	29.10	26.00	6,81,975
November 2002	32.60	28.25	13,15,047
December 2002	34.20	31.15	13,51,928
January 2003	36.45	32.35	37,12,445
February 2003	39.75	34.10	35,11,572
March 2003	39.00	35.60	19,60,253

APPENDIX – B

COMPANY SHARE PRICES COMPARED TO BSE SENSEX



APPENDIX – C

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2003

No. of equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	125243	82.14	1,88,81,119	9.90
501 to 1000	13576	8.90	98,73,476	5.19
1001 to 2000	6806	4.46	97,86,385	5.14
2001 to 3000	2327	1.53	57,59,091	3.03
3001 to 4000	1188	0.78	41,01,611	2.16
4001 to 5000	786	0.52	36,10,681	1.90
5001 to 10000	1333	0.87	94,92,160	4.99
10001 and above	1217	0.80	12,88,22,492	67.69
Total	**152476**	**100.00**	**19,03,27,015**	**100.00**

APPENDIX – D

SHAREHOLDING PATTERN AS ON MARCH 31, 2003

	Category	No of shares held	% of shareholding
1.	Promoters	4,73,40,277	24.87
2.	Directors other than Promoters	82,158	0.04
3.	Foreign Institutional Investors	5,18,205	0.27
4.	International Finance Corporation	1,316	0.00
5.	Global Depository Receipts	20,24,834	1.06
6.	Foreign Holding	14,43,232	0.76
7.	Govt/Financial Institutions	3,47,35,625	18.25
8.	Bodies Corporate	1,72,29,587	9.05
9.	Resident Individuals	8,69,51,781	45.70
	Total	**19,03,27,015**	**100.00**

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

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by The Great Eastern Shipping Co. Ltd., for the year ended on March 31, 2003, 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 review of procedures and implementation thereof adopted by the Company for ensuring the compliances 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 except for the period December 25, 2002 to March 14, 2003 when the number of Independent Directors was less than one-half of the composition of the board due to the demise of an Independent Director, which requirement was dealt with by appointment of two Independent Directors on March 14, 2003, the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that as per the records maintained by the Registrars and Share Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee, three investor grievances received during the year ended March 31, 2003 were remaining unattended/pending against the Company for a period exceeding thirty days which as on date stands resolved.

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Sd/-
Partner
Mumbai, June 10, 2003

INVESTORS' GUIDE

Shipping Asset Profile as on March 31, 2003

TANKERS

S. NO.	VESSELS	DWT (MT)	YEAR BUILT
	CRUDE CARRIERS		
1	m.t. Jag Laadki	145,242	1992
2	m.t. Jag Laxmi	105,051	1999
3	m.t. Jag Leela	105,148	1999
	PRODUCT CARRIERS		
4	m.t. Jag Arpan	66,183	1986
5	m.t. Jag Pranam	50,600	1984
6	m.t. Jag Pavitra	50,600	1985
7	m.t. Jag Padma	47,803	1982
8	m.t. Jag Prakash	46,345	2003
9	m.t. Jag Pratap	45,693	1995
10	m.t. Jag Pradip	45,684	1996
11	m.t. Jag Prachi	44,124	1996
12	m.t. Jag Priya	44,128	1996
13	m.t. Jag Prayog	29,990	1982
14	m.t. Jag Praja	29,990	1982
15	m.t. Jag Pari	29,139	1982
16	m.t. Jag Preeti	29,133	1981
17	m.t. Jag Palak	27,402	1985
18	m.t. Jag Pragati	27,400	1985
	LPG CARRIER		
19	m.t. Jag Vayu	28,400	1978
Tanker Total		**9,98,055**	

DRY BULK CARRIERS

S. NO.	Vessel	DWT (MT)	Year Built
1	m.v. Jag Arnav	71,122	1995
2	m.v. Jag Raksha	45,345	1985
3	m.v. Jag Rani	41,545	1984
4	m.v. Jag Rishi	41,093	1984
5	m.v. Jag Ratna	35,662	1977
6	m.v. Jag Vikram	27,463	1980
7	m.v. Jag Vidya	27,451	1977
8	m.v. Jag Vikas	26,781	1977
	MINI BULK CARRIERS		
9	mv. GE3	2,137	1998
10	m.v. GE4	2,137	1998
Dry Bulk Total		**3,20,736**	
Shipping Division Total		**13,18,791**	

Offshore Asset Profile as on March 31, 2003

S. NO.	VESSELS	DWT (MT)	YEAR BUILT
	ANCHOR HANDLING TUG SUPPLY VESSELS		
1	m.v. Malaviya One	1,073	1983
2	m.v. Malaviya Two	1,084	1983
3	m.v. Malaviya Three	1,251	1984
4	m.v. Malaviya Four	1,242	1984
5	m.v. Malaviya Five	1,162	1982
6	m.v. Malaviya Six	1,149	1981
7	m.v. Malaviya Nine	1,221	1983
8	m.v. Malaviya Ten	2,558	1999
	SUPPLY VESSEL		
9	m.v. Malaviya Eleven	1,204	1989
10	m.v. Malaviya Twelve	938	1989
11	m.v. Malaviya Fourteen	1,206	1989
12	m.v. Malaviya Sixteen	3,309	2002
13	m.v. Malaviya Eighteen	3,305	2002
	ANCHOR HANDLING TUGS		
14	m.v. Sharda M	508	1975
15	m.v. Gal Beaufort Sea	540	1982
16	m.v. Gal Ross Sea	540	1982
17	m.v. Sangita	218	1994
	TUGS		
18	m.v. Rishabh	84	1985
19	m.v. Malini	229	1987
20	m.v. Anasuya	123	1997
21	m.v. Kumari Tarini	127	1998
22	m.v. Kanti	135	1998
23	m.v. Sudhir Mulji	117	1998
24	m.v. Vahbiz	148	1999
25	m.v. Ananya	148	2000
26	m.v. Purnima	120	2000
27	m.v. Jyotsna S.	69	1989
28	m.v. Birsingha	175	2001
	BARGE		
29	m.v. Gal Constructor	4,801	1978
	DRILLING UNITS		
30	Badrinath	6,000	1973
31	Kedarnath	1,600	1975
Offshore Vessels Total		**36,384**	

INVESTORS' GUIDE

Fleet changes : April 1, 2003 – June 10, 2003

	S. NO.	VESSELS	DWT (MT)	YEAR BUILT
ACQUISITIONS		TANKERS		
		CRUDE OIL CARRIER		
	1	m.t. Jag Lata	105,716	2003
		PRODUCT CARRIERS		
	2	m.t. Jag Anjali	66,203	1986
	3	m.t. Jag Pankhi	46,273	2003
SALE	S. NO.	VESSELS	DWT (MT)	YEAR BUILT
		ANCHOR HANDLING TUG		
	1	m.v. Sharda M	508	1975
FLEET ON ORDER	S. NO.	TYPE OF SHIP	APPROX. DELIVERY DATE	DWT (MT)
	1	Aframax Crude Carrier (Samsung)	Jan. 2004	105,500
	2	MR Product Carrier (Hanjin)	July, 2004	45,500
	3	Suezmax Crude Carrier (Hyundai Samho)	April, 2005	159,000
	4	Suezmax Crude Carrier (Hyundai Samho)	July, 2005	159,000

Subsidiary Asset Profile as on March 31, 2003

The Great Eastern Shipping Co. London Ltd.

S. NO.	VESSEL	DWT (MT)	YEAR BUILT
1	m.v. Nisha	27,481	1977

YEAR AT A GLANCE

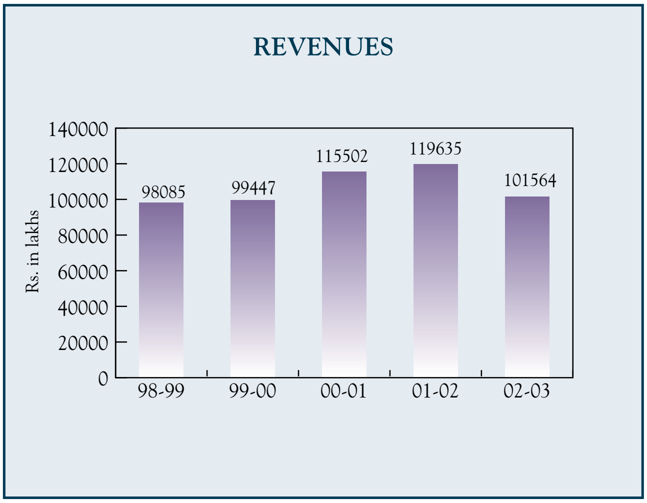
	March 31, 2003 Rs. (in lakhs)	US$ (in millions)	March 31, 2002 Rs. (in lakhs)	US$ (in millions)
	(except for Earnings & Cash earnings per share)			
For the year				
Total Revenue	**101564**	**210**	119635	251
Operating Profit (PBIDT)	**45273**	**93**	50478	106
Profit after tax (PAT)	**21651**	**45**	20750	44
PBIDT as a percentage of total revenue	**44.58**	**44.58**	42.19	42.19
Earnings per share (Rs./US$)	**11.40**	**0.24**	8.80	0.18
Cash earnings per share (Rs./US$)	**20.13**	**0.42**	19.92	0.42
Dividend amount (Including tax on dividend)	**9554**	**20**	8659	18
Capital Investment	**43846**	**91**	44510	93
At the end of the year				
Total assets	**262120**	**552**	251041	514
Fixed assets	**182260**	**384**	181026	371
Total debt	**102086**	**215**	93393	191
Net worth	**116365**	**245**	106626	218
Equity Capital	**19033**	**40**	20256	42
Preference Capital	**7500**	**16**	17000	35

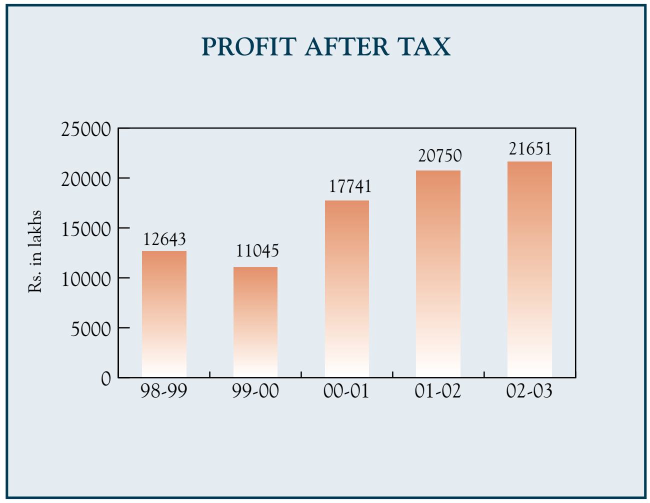
Figures in US$ are arrived at by converting Rupee figures at the average conversion rate for all for the year items and at closing rate for all year end items, as given below, to facilitate comparision.

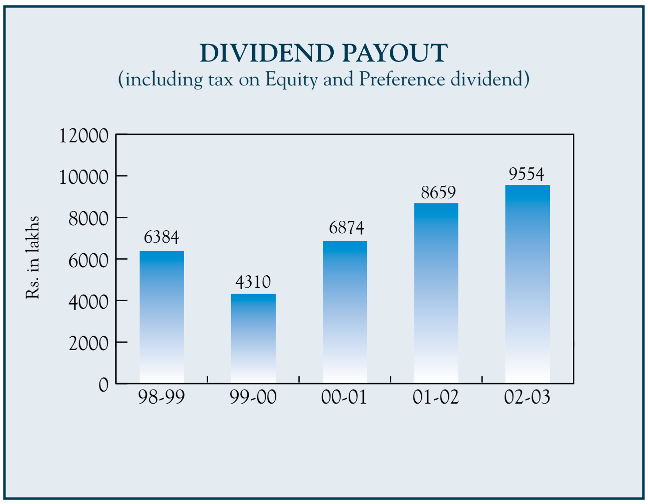
Exchange Rate	Rs./US$ 2002–03	2001–02
– Closing	**47.49**	48.80
– Average	**48.44**	47.64

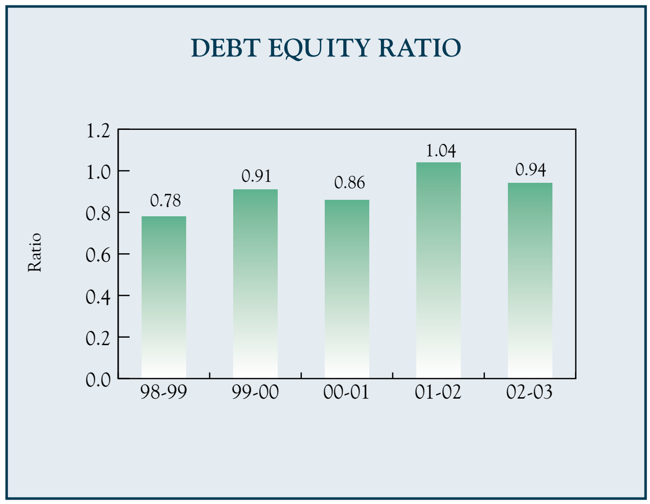
Investor's Guide

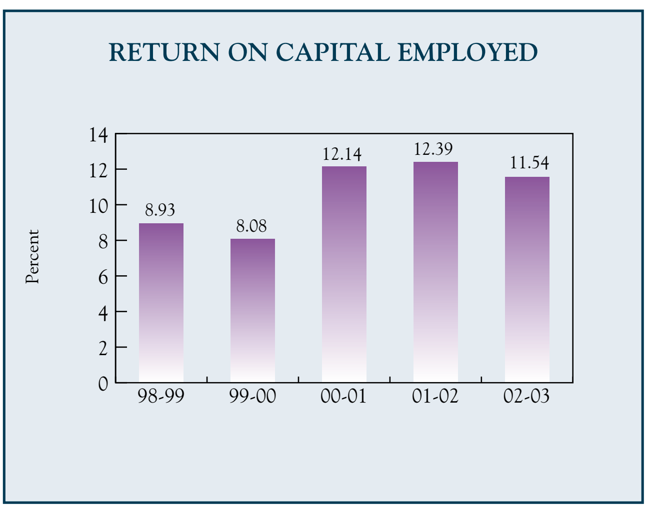
Financial Highlights

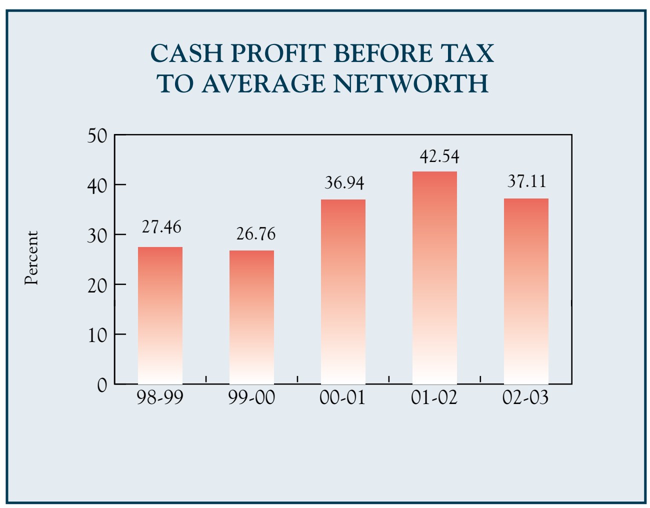












10 YEARS AT A GLANCE

(Rs. in lakhs)

	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03
PROFIT & LOSS A/C										
Revenues :										
Income from operations	46984	76387	72384	78122	88102	92896	91464	108068	117243	97221
Profit/(loss) on sale of :										
– ships	2229	1740	3383	956	1693	54	4795	3598	58	1598
– other assets	2	3	1	83	1901	(45)	17	7	(100)	150
Other income	3829	6821	7356	8646	4714	5135	3170	3829	2334	2595
	53044	84951	83124	87807	96410	98040	99446	115502	119535	101564
Expenditure :										
Operating expenses	26578	54182	49237	48546	49508	53951	57242	60808	60798	49289
Other indirect expenses	2304	2540	3911	3962	4844	5894	5361	7297	8259	7002
Operating profit (PBIDT)	**24162**	**28229**	**29976**	**35299**	**42058**	**38195**	**36843**	**47397**	**50478**	**45273**
Interest & finance charges	2336	2484	4533	6906	6504	5782	6081	7174	5027	3900
PBDT	**21826**	**25745**	**25443**	**28393**	**35554**	**32413**	**30762**	**40223**	**45451**	**41373**
Depreciation	8148	8581	9031	12251	15581	16470	18117	20082	20173	16798
Provisions & Capitalisations	–	–	(1278)	–	850	500	–	–	–	–
PBT	**13678**	**17164**	**17690**	**16142**	**19123**	**15443**	**12645**	**20141**	**25278**	**24575**
Tax :										
– Current	–	–	2450	2500	2700	2800	1600	2400	2600	850
– Deferred	–	–	–	–	–	–	–	–	1928	2074
PAT	**13678**	**17164**	**15240**	**13642**	**16423**	**12643**	**11045**	**17741**	**20750**	**21651**
BALANCE SHEET										
What the Company owned :										
Net Block	61355	54727	117487	132254	134190	165911	168043	152352	168076	167258
Ships under construction	4373	13108	4477	7522	10643	5163	–	9192	12950	15002
Investments & net Current assets	49199	69283	60385	58691	55213	41572	43193	37644	46065	56430
TOTAL	114927	137118	182349	198467	200046	212646	211236	199188	227091	238690
What the Company owed :										
Secured loans	32355	36758	71705	64536	62161	73405	80488	69347	79485	88553
Unsecured loans	602	–	–	19037	21014	20067	20047	13292	13908	13533
Deferred Taxation (Net)	–	–	–	–	–	–	–	–	10072	12739
TOTAL	32957	36758	71705	83573	83175	93472	100535	82639	103465	114825
Shareholders' Funds :										
Equity Share Capital	20838	27894	28754	28756	28756	28760	25884	21778	20256	19033
Preference Share Capital	–	–	–	–	–	–	–	9500	17000	7500
Reserves & Surplus	62497	73758	83019	87104	91141	92334	86927	87320	88031	98425
Misc. Expd. (to the extent not w/off)	(1365)	(1292)	(1129)	(966)	(3026)	(1920)	(2110)	(2049)	(1661)	(1093)
TOTAL	81970	100360	110644	114894	116871	119174	110701	116549	123626	123865
Debt–Equity ratio (times)	0.40	0.37	0.65	0.73	0.71	0.78	0.91	0.86	1.04	0.94

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, 2003 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the 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 matters 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 purpose of our audit.
   (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books.
   (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   (e) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2003;
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2003, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

Viraf R. Mehta

Partner

Membership No.: 32083

Mumbai, May 02, 2003.

Annexure To The Auditor's Report

Annexure referred to in paragraph 3 of our report of even date on the accounts of The Great Eastern Shipping Company Limited for the year ended March 31, 2003:

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. The discrepancies noticed between the book records and the physical inventory have been properly dealt with in the books of account.

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 (Fujairah) LLC, a fully owned subsidiary company, in our opinion, the rate of interest and the terms and conditions of loans granted to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies 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 also generally regular in the payment of Employees' State Insurance dues to the appropriate authority.

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 became 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 jobs is not applicable.

    (b) in our opinion, there is a reasonable system of authorization 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 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.

20. None of the matters contained in clauses (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

Membership No.: 32083

Mumbai, May 02, 2003.

BALANCE SHEET as at March 31, 2003.

(Rs. in lakhs)

	Schedule			Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	26533		37256
Reserves and Surplus	2	98425		88031
			124958	125287
Loan Funds :				
Secured Loans	3	88553		79485
Unsecured Loans	4	13533		13908
			102086	93393
Deferred tax liability (Net)			12739	10072
TOTAL			239783	228752
APPLICATION OF FUNDS :				
Fixed Assets :	5			
Gross Block		292277		284974
Less: Depreciation		125019		116898
Net Block		167258		168076
Ships under construction		15002		12950
			182260	181026
Investments	6		19492	10857
Current Assets, Loans and Advances :				
Inventories	7	5368		6027
Sundry Debtors	8	8752		7461
Cash and bank balances	9	38685		38212
Other current assets	10	1075		1000
Loans and advances	11	4905		4797
Incomplete voyages (Net)		490		–
		59275		57497
Less : Current Liabilities and Provisions :				
Current Liabilities	12	13189		14250
Provisions	13	9148		8019
Incomplete voyages (Net)		–		20
		22337		22289
Net Current Assets			36938	35208
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14		1093	1661
TOTAL			239783	228752
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, May 02, 2003.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K.M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
Manu Shroff Director

Mumbai, May 02, 2003.

PROFIT AND LOSS ACCOUNT for the year ended March 31, 2003.

(Rs. in lakhs)

	Schedule			Previous Year
INCOME :				
Income from Operations	15		98819	117301
Interest Earned	16		1452	1309
Other Income	17		1293	1025
			101564	119635
EXPENDITURE :				
Operating Expenses	18	49289		60798
Administration & Other Expenses	19	7002		8359
Interest & Finance charges	20	3900		5027
Depreciation		16798		20173
			76989	94357
Profit before tax			24575	25278
Less: Provision for tax :				
– current		850		2600
– deferred		2074		1928
			2924	4528
Profit for the year after tax			21651	20750
Add/(Less): Extraordinary items & Prior period adjustments (net of tax)	21		1078	(1031)
			22729	19719
Less: Transfer to Reserve under Section 33AC of the Income-tax Act, 1961			14500	12500
			8229	7219
Add: Transfer from :				
– Investment Allowance Reserve		550		1800
– Reserve under Section 33AC of the Income-tax Act, 1961		16300		7700
– Debenture Redemption Reserve		925		–
			17775	9500
			26004	16719
Add: Surplus brought forward from previous year			15492	17772
Amount available for appropriations			41496	34491
Appropriations:				
– Transfer to Capital Redemption Reserve		10726		1521
– Transfer to Debenture Redemption Reserve		–		1175
– Transfer to General Reserve		13100		7644
– Interim Dividend on Preference Shares		966		945
– Proposed Dividend		7613		7618
– Tax on Dividend		975		96
			33380	18999
Balance Carried Forward			8116	15492
Basic and diluted earnings per share (in Rs.)			11.4	8.8
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

Mumbai, May 02, 2003.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K.M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
Manu Shroff Director

Mumbai, May 02, 2003.

Schedules Annexed to and forming part of the Balance Sheet as at March 31, 2003.

SCHEDULE "1" :

SHARE CAPITAL :

(Rs. in lakhs)

			Previous Year
AUTHORISED :			
30,00,00,000	(Previous Year 30,00,00,000) Equity Shares of Rs.10 each	**30000**	30000
20,00,00,000	(Previous Year 20,00,00,000) Preference Shares of Rs.10 each	**20000**	20000
		50000	50000
ISSUED :			
19,08,73,056	(Previous Year 20,31,30,725) Equity Shares of Rs.10 each	**19087**	20313
–	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**–**	9500
7,50,00,000	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**7500**	7500
		26587	37313
SUBSCRIBED :			
19,03,30,163	(Previous Year 20,25,66,934) Equity Shares of Rs.10 each	**19033**	20257
–	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**–**	9500
7,50,00,000	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**7500**	7500
		26533	37257
PAID-UP :			
19,03,27,015	(Previous Year 20,25,63,786) Equity Shares of Rs.10 each fully paid up [Refer Note No. 2(b)]	**19033**	20256
	Less: Calls in arrears (Rs.41,609)	**–**	–
		19033	20256
	Add: Forfeited Shares (Rs.30,358)	**–**	–
		19033	20256
–	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**–**	9500
7,50,00,000	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**7500**	7500
		26533	37256

Out of above 92,99,823 (Previous Year 98,98,827) shares are allotted as fully paid up pursuant to a contract without payment being received in cash.

Schedule "2" :

Reserves And Surplus :

(Rs. in lakhs)

			Previous Year
(a) CAPITAL REDEMPTION RESERVE :			
As per last Balance Sheet	5628		4107
Add: Transferred from Profit and Loss Account	10726		1521
		16354	5628
(b) INVESTMENT ALLOWANCE RESERVE :			
As per last Balance Sheet	829		2629
Less: Transferred to Profit & Loss Account	550		1800
(Reserve fully utilised towards purchase of new ships)		279	829
(c) RESERVE UNDER SECTION 33AC OF THE INCOME–TAX ACT, 1961 :			
As per last Balance Sheet	28800		24000
Less: Transferred to Profit & Loss Account	16300		7700
	12500		16300
Add: Transferred from Profit and Loss Account	14500		12500
		27000	28800
(d) DEBENTURE REDEMPTION RESERVE :			
As per last Balance Sheet	6700		5525
Add: Transferred from Profit and Loss Account	–		1175
	6700		6700
Less: Transferred to Profit & Loss Account	925		–
		5775	6700
(e) SHARE PREMIUM ACCOUNT :			
As per last Balance Sheet	18582		20787
Less: Utilised for buy back of Equity Shares	2781		2205
		15801	18582
(f) GENERAL RESERVE :			
As per last Balance Sheet	12000		12500
Less: Deferred tax liability (net) as on April 1, 2001	–		8144
	12000		4356
Add: Transferred from Profit and Loss Account	13100		7644
		25100	12000
(g) PROFIT AND LOSS ACCOUNT		8116	15492
		98425	88031

SCHEDULE "3" :

SECURED LOANS :

	(Rs. in lakhs)	Previous Year
(a) TERM LOANS –		
– From Banks	**59703**	54835
Secured by mortgage of specific ships		
(b) NON-CONVERTIBLE DEBENTURES* –		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,000 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 four annual instalments from August 31, 2003 to August 31, 2006.	**1600**	2100
– 11.75% (part A-G) redeemable in four equal annual instalments from October, 2003 to October, 2006.	**1200**	1500
– 11.75% (series 1-7) redeemable in four annual instalments from November 29, 2003 to November 29, 2006.	**3300**	4300
– 12.10% (part A-G) redeemable in four equal annual instalments from November 17, 2003 to November 17, 2006.	**800**	1000
– 10.85% (series 1-3) redeemed on January 31, 2003.	**–**	1500
– 10.65% (series I-III) redeemable in three annual instalments from February 14, 2004 to February 14, 2006.	**3500**	3500
– 8.95% redeemable on July 07, 2007.	**9000**	–
(iii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each :		
– 10.25% (tranche 1-7) redeemable in six annual instalments from May 25, 2003 to May 25, 2008.	**7700**	9000
* Secured by mortgage of specified immovable properties and ships.		
	88553	79485

SCHEDULE "4" :

UNSECURED LOANS :

Floating Rate Notes	**13533**	13908
Redeemable on October 30, 2003.		
	13533	13908

SCHEDULE "5" :
FIXED ASSETS :

(Rs. in lakhs)

Particulars	COST				DEPRECIATION				NET BLOCK
	As at April 1, 2002	Additions for the year [Note 3(b)]	Deductions for the year [Note 3(b)]	As at March 31, 2003	Upto March 31, 2002	Adjustments in respect of Assets sold/ discarded	For the year	Upto March 31, 2003	As at March 31, 2003
Fleet	**263868**	**41581**	**31922**	**273527**	**106518**	**7446**	**15866**	**114938**	**158589**
	234965	*40014*	*11111*	*263868*	*94450*	*7185*	*19253*	*106518*	*157350*
Plant & Machinery :									
– Rigs and Barges	**4418**	**–**	**–**	**4418**	**4344**	**–**	**–**	**4344**	**74**
	4418	*–*	*–*	*4418*	*4344*	*–*	*–*	*4344*	*74*
– Given on lease	**1**	**–**	**–**	**1**	**1**	**–**	**–**	**1**	**–**
	1	*–*	*–*	*1*	*1*	*–*	*–*	*1*	*–*
– Others	**2147**	**–**	**861**	**1286**	**2010**	**857**	**25**	**1178**	**108**
	2567	*–*	*420*	*2147*	*2271*	*288*	*27*	*2010*	*137*
Land	**4391**	**–**	**3**	**4388**	**–**	**–**	**–**	**–**	**4388**
(Freehold & Perpetual Lease)	*4374*	*17*	*–*	*4391*	*–*	*–*	*–*	*–*	*4391*
Land (Leasehold)	**5**	**–**	**–**	**5**	**1**	**–**	**–**	**1**	**4**
	5	*–*	*–*	*5*	*1*	*–*	*–*	*1*	*4*
Ownership Flats and Office Premises *	**5953**	**–**	**1456**	**4497**	**1381**	**172**	**164**	**1373**	**3124**
	6701	*38*	*786*	*5953*	*1190*	*50*	*241*	*1381*	*4572*
Furniture, Fixtures and Office Equipments	**3336**	**117**	**71**	**3382**	**2226**	**56**	**596**	**2766**	**616**
	2956	*466*	*86*	*3336*	*1777*	*73*	*522*	*2226*	*1110*
Vehicles	**855**	**96**	**178**	**773**	**417**	**146**	**147**	**418**	**355**
	792	*217*	*154*	*855*	*393*	*106*	*130*	*417*	*438*
S U B – T O T A L	**284974**	**41794**	**34491**	**292277**	**116898**	**8677**	**16798**	**125019**	**167258**
	256779	*40752*	*12557*	*284974*	*104427*	*7702*	*20173*	*116898*	*168076*
Ships under construction									**15002**
									12950
									182260
									181026

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

SCHEDULE "6" :

INVESTMENTS :

Previous Year

	Face Value Rs.	No. of Units	Rs. in lakhs	No. of Units	Rs. in lakhs
(a) LONG TERM INVESTMENTS :					
(at cost – Fully Paid)					
(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
The Great Eastern Investments Ltd.	10	20,00,000	200	–	–
Greatship (India) Ltd.	10	50,000	5	–	–
Deep Water Services (India) Pvt. Ltd.	10	10,000	1	–	–
Associates :					
Great Ocean Shipping Services Ltd. of Stg. Pound 1 each		1,96,000	119	1,96,000	119
P & O Travels India Ltd.	10	8,75,000	88	8,75,000	88
Business Standard Ltd.	10	1,67,85,787	2402	1,67,85,787	2402
			3022		2816
(b) CURRENT INVESTMENTS :					
(at lower of cost and fair value – Fully Paid)					
(i) Government Securities : Quoted					
364 Days Treasury Bills, 2002			–	45,00,00,000	4369
91 Days Treasury Bills, 2002			–	44,50,00,000	4410
			–		8779
(ii) Equity Shares : Quoted					
Prime Securities Ltd.	10	–	–	25,33,699	62
Vijay Textiles Ltd.	10	1,97,300	–	1,97,300	–
			–		62
c/f			3022		11657

SCHEDULE "6" : (CONTD.)

	Face Value Rs.	No. of Units	Rs. in lakhs	Previous Year No. of Units	Previous Year Rs. in lakhs
b/f			3022		11657
(iii)Mutual Funds :					
Alliance Cash Manager (Growth)	10	1,13,52,598	1640	–	–
Birla Cash Plus – Dividend Reinvestment	10	1,91,08,247	2021	–	–
DSP Merrill Lynch Liquidity Fund (Growth)	10	24,26,219	355	–	–
HDFC Liquid Premium Plus Plan (Growth)	10	83,18,637	1000	–	–
HSBC Cash Fund	10	49,10,193	500	–	–
JM High Liquidity Fund (Growth)	10	63,19,435	1050	–	–
Kotak Mahindra Liquid Institutional Plan (Growth)	10	1,69,85,131	2049	–	–
Prudential ICICI Liquid Institutional Fund (Growth)	10	1,99,74,025	2954	–	–
Reliance Liquid Fund (Treasury Plan – Growth)	10	1,05,26,939	1500	–	–
Templeton India Liquid Fund (Growth)	10	1,51,25,254	2201	–	–
Zurich India Liquid Fund (Growth)	10	1,63,61,496	2000	–	–
			17270		–
Total investments			20292		11657
Less: Provision for diminution in value of long term investments			800		800
Grand Total			19492		10857
Aggregate Book Value of Quoted Investments			–		8841
Aggregate Book Value of Unquoted Investments			19492		2016
Market Value of Quoted Investments			–		8841

SCHEDULE "7" :

INVENTORIES :

		Rs. in lakhs	Previous Year
(a)	Fuel oils	900	833
(b)	Properties for sale	249	474
(c)	Property development work-in-progress	4219	4720
		5368	6027

SCHEDULE "8" :

SUNDRY DEBTORS :

(Rs. in lakhs)

			Previous Year
(Unsecured)			
(a) Debts outstanding over six months:			
– Considered good		247	197
– Considered doubtful		179	431
		426	628
(b) Other Debts:			
– Considered good		8505	7264
		8931	7892
Less: Provision for doubtful debts		179	431
		8752	7461

SCHEDULE "9" :

CASH AND BANK BALANCES :

(a) Cash on hand		10	9
(b) Balances with scheduled banks :			
– On current account	624		553
– On deposit account	24771		18021
		25395	18574
(c) Balances with other banks :			
– On call deposits with ABN AMRO Bank, London (Maximum Balance Rs.34285 lakhs, Previous Year Rs.24181 lakhs)	7776		19627
– On current account with ABN AMRO Bank, Dubai (Maximum Balance Rs.10 lakhs, Previous Year Rs.15 lakhs)	1		2
– On call deposits with Citi Bank, London (Maximum Balance Rs.4892 lakhs, Previous Year Rs."Nil")	4892		–
– On call deposits with Nedship Bank, Rotterdam (Maximum Balance Rs.611 lakhs, Previous Year Rs."Nil")	611		–
		13280	19629
		38685	38212

SCHEDULE "10" :

OTHER CURRENT ASSETS :

(Rs. in lakhs)

			Previous Year
(a) Interest accrued on investments and deposits		366	268
(b) Accrued Income		–	481
(c) Insurance claims receivable :			
– Considered good	709		251
– Considered doubtful	47		47
	756		298
Less: Provision for Doubtful Claims	47		47
		709	251
		1075	1000

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	3804	3713
– Considered Doubtful	117	305
(b) Advance to Subsidiaries :		
– The Great Eastern (Fujairah) L.L.C. (Maximum balance during the year Rs.707 lakhs, Previous year Rs.1609 lakhs)	107	707
– The Greatship (Singapore) Pte. Ltd. (Maximum balance during the year Rs.2 lakhs, Previous year Rs."Nil")	2	–
– The Great Eastern Investments Ltd. (Maximum balance during the year Rs.3 lakhs, Previous year Rs."Nil")	3	–
– Deep Water Services (India) Pvt. Ltd. (Maximum balance during the year Rs.205 lakhs, Previous year Rs."Nil")	205	–
(c) Agents' current accounts	773	324
(d) Balances with Customs, Port Trust etc.	7	39
(e) Term deposit with Business Standard Ltd., an Associate Company (Maximum balance during the year Rs.14 lakhs, Previous Year Rs.222 lakhs)	4	14
	5022	5102
Less: Provision for Doubtful Advances	117	305
	4905	4797

SCHEDULE "12" :

CURRENT LIABILITIES :

			(Rs. in lakhs) Previous Year
(a) Sundry Creditors		8504	7675
(b) Due to a Subsidiary Company		4	39
(c) Advance Charter Hire received		1057	776
(d) Unpaid dividend *		315	273
(e) Unpaid matured fixed deposits *		5	5
(f) Other Liabilities		1766	3995
(g) Interest accrued but not due		1387	1196
(h) Managerial Remuneration payable		151	291
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			
		13189	14250

SCHEDULE "13" :

PROVISIONS :

(a) Provision for taxation (Net of Advance tax and tax deducted at source)		315	197
(b) Proposed Dividend		7613	7618
(c) Provision for tax on dividend		975	–
(d) Provision for Retirement leave encashment benefit		245	204
		9148	8019

SCHEDULE "14" :

MISCELLANEOUS EXPENDITURE :

(to the extent not written off or adjusted)

(a) Share Issue Expenses :			
As per last Balance Sheet	213		421
Add: Expenditure incurred during the year	–		20
	213		441
Less: Amortised during the year	190		228
		23	213
(b) De-merger Expenses :			
As per last Balance Sheet	560		839
Less: Amortised during the year	279		279
		281	560
(c) Deferred Revenue Expenditure :			
As per last Balance Sheet	888		789
Add: Expenditure incurred during the year	316		411
	1204		1200
Less: Amortised during the year	415		312
		789	888
		1093	1661

Schedules Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2003.

(Rs. in lakhs)

			Previous Year
SCHEDULE "15" :			
INCOME FROM OPERATIONS :			
Freight and Demurrage		25318	39179
Charter Hire		61971	58223
Profit on sale of Ships		1598	58
Turnover :			
– Property Development	2186		3509
– Commodities Trading	–		3732
		2186	7241
Contract Revenue (Gross) (Income-tax deducted at source Rs.93 lakhs, Previous Year Rs.210 lakhs)		6235	12016
Profit on sale of current investments		825	–
Miscellaneous Receipts		686	584
		98819	117301
SCHEDULE "16" :			
INTEREST EARNED (GROSS) :			
On Term Deposits		1050	564
On Government Securities and Public sector Bonds		–	136
On Call deposit accounts		310	473
Others (Income-tax deducted at source Rs. 236 lakhs, Previous Year Rs.115 lakhs)		92	136
		1452	1309
SCHEDULE "17" :			
OTHER INCOME :			
Dividend :			
– from subsidiary companies		22	20
– from others		–	305
		22	325
Gain on foreign currency transactions (Net)		414	377
Profit on sale of sundry assets (Net)		150	–
Provision for Doubtful Debts & Advances written back		440	–
Miscellaneous Income		267	323
		1293	1025

Schedule "18": Operating Expenses :

			(Rs. in lakhs) Previous Year
(a) FLEET :			
Direct :			
Fuel Oil and Water	4817		6416
Port, Light and Canal Dues	2454		2927
Stevedoring, Despatch & Cargo Expenses	156		389
Hire of chartered ships	5882		6336
Brokerage & Commission	1714		2187
Agency Fees	255		315
Others :			
Wages, Bonus and Other Expenses on Floating Staff	7768		8625
Gratuity	133		195
Contribution to Provident & Other Funds	83		82
Stores	2971		2872
Repairs & Maintenance – Fleet (Including Deferred Revenue Expenditure written off Rs.237 lakhs, Previous Year Rs.159 lakhs)	10505		11104
Insurance & Protection Club Fees	1967		2434
Vessel Management Fees	2215		2127
Sundry Steamer Expenses	955		834
		41875	46843
(b) COST OF SALES – PROPERTY DEVELOPMENT :			
Opening Stock :			
– Properties for sale	474		1400
– Development work-in-progress	4720		6251
	5194		7651
Add: Expenses during the year :			
– Project Management Fees	1283		1424
– Other project expenses	16		32
	6493		9107
Less: Closing Stock :			
– Properties for sale	249		474
– Development work-in-progress	4219		4720
		2025	3913
c/f		43900	50756

SCHEDULE "18": (CONTD.)

(Rs. in lakhs)

			Previous Year
b/f		43900	50756
(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
	–		1646
Less: Closing Stock	–		–
		–	3557
(d) OIL & GAS DIVISION :			
Manpower	44		174
Salary & Allowances	735		858
Gratuity	–		13
Contribution to Provident & Other Funds	24		39
Commissary & Quarters	232		206
Insurance	448		506
Travelling	62		64
Repairs & Maintenance	3021		1697
Fuel, Water & Supplies	677		545
Others	146		1770
		5389	5872
(e) LOSS ON INVESTMENTS (NET) :			
Profit on sale of current investments	–		(249)
Diminution in value of current investments written off	–		42
Provision for diminution in value of long term investments	–		800
Investments written off	–		20
		–	613
		49289	60798

Schedule "19" :

Administration And Other Expenses :

(Rs. in lakhs)

			Previous Year
(a) ADMINISTRATION EXPENSES :			
Staff Expenses :			
– Salaries & Bonus	2849		2419
– Staff Welfare Expenses	188		143
– Gratuity	110		49
– Contribution to Provident & Other Funds	196		108
		3343	2719
Rent		49	58
Insurance		68	26
Repairs and Maintenance :			
– Buildings	90		324
– Others	83		49
		173	373
Travelling Expenses		437	444
Loss on sale of sundry assets (Net)		–	100
Property Taxes		16	51
Legal & Professional fees		667	1061
Postage, Telephone & Telex expenses		289	368
Electricity expenses		129	135
Conveyance expenses		166	183
Miscellaneous Expenses		917	997
Auditors' Remuneration (including service tax) :			
– Audit Fees	18		23
– In Other Capacity :			
Tax Audit	2		2
Taxation	6		7
Certification & other services	13		13
		39	45
Donations		12	21
Directors' Fees		6	5
(b) OTHER EXPENSES :			
Share issue expenses written off	190		228
Expenses on buy back of shares written off	22		38
De-merger expenses written off	279		279
Doubtful debts and advances written off	200		492
Provision for Doubtful Debts & Advances	–		736
		691	1773
		7002	8359

Schedule "20": Interest And Finance Charges :

		(Rs. in lakhs) Previous Year
Interest :		
– Fixed Loans	3835	4793
– Other Loans	67	10
Finance charges	148	477
	4050	5280
Less: Pre-delivery interest capitalised	150	253
	3900	5027

Schedule "21" : Extraordinary Items And Prior Period Adjustments :

Excess provisions written back	1731	109
Sundry balances written back	100	136
Excess provision for dividend in previous year (including tax on dividend)	7	56
	1838	301
Less:		
Income tax for prior years (including Rs. "Nil", Previous Year Rs. 887 lakhs – extraordinary item)	–	1295
Short provision for expenses	37	37
	37	1332
	1801	(1031)
Less: Provision for tax :		
– current	130	–
– deferred	593	–
	723	–
	1078	(1031)

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 less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings during construction period. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of 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. 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 to 23 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 :

Leasehold land is amortised over the lease period.

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

(iv) Other Assets :

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

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

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 relating 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 banks and payables denominated in foreign currency, outstanding at the end of the year are translated at closing rates, and at contract rates when covered by forward exchange contracts, and the 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) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods. The tax effects is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

Schedule "23":

Notes On Accounts :

1. Contingent Liabilities :
   - (a) Guarantees given by Banks, counter guaranteed by the Company – Rs.3209 lakhs [Previous Year Rs.2377 lakhs] including guarantee given on behalf of a subsidiary company – Rs.458 lakhs [Previous Year Rs. "Nil"].
   - (b) Corporate guarantees given by the Company – Rs. 535 lakhs [Previous Year Rs.569 lakhs] including guarantee given on behalf of a subsidiary company – Rs."Nil" [Previous Year Rs.34 lakhs].
   - (c) Income tax / Sales tax demands against which the company has preferred appeals – Rs.510 lakhs [Previous Year Rs.510 lakhs].
   - (d) Letters of credit outstanding – Rs.864 lakhs [Previous Year Rs.128 lakhs].
   - (e) Demand from the Office of the Collector & District Magistrate Mumbai City towards transfer charges for transfer of office premises under the Scheme of de-merger of erstwhile property division not acknowledged by the Company. – Rs.124 lakhs [Previous Year Rs."Nil"].
2. Share Capital :
   - (a) The 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each issued during 2000-01 were redeemed during the year. The 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each issued during 2001-02 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 1,22,57,669 equity shares of Rs.10 each at an average price of Rs.32.69 per share aggregating Rs.4007 lakhs in continuation of its second buyback programme commenced in the previous year, in terms of the resolution passed by the shareholders in the Annual General Meeting held on July 26, 2001.

     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 have been reduced by Rs.1226 lakhs.
   - (c) Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, – the allotment of 3,79,992 [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. During the year the Company has alloted 20,898 shares out of these shares kept in abeyance. 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.68543 lakhs [Previous Year Rs.76857 lakhs].
   - (b) The amount of exchange gain / (loss) on account of fluctuations of the rupee against foreign currencies, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities deducted / (added) from / to the carrying amount of fixed assets during the year is Rs.2295 lakhs [Previous Year Rs.(3743) lakhs].
4. Current Assets, Loans and Advances :
   - (a) Property development work-in-progress includes properties costing Rs.845 lakhs [Previous Year 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 includes loans to Executive Dy. Chairman – Rs.12 lakhs [Previous Year – Rs.13 lakhs], maximum amount due during the year – Rs.13 lakhs and to Managing Director – Rs.65 lakhs [Previous Year – Rs.67 lakhs], maximum amount due during the year – Rs.67 lakhs. The said loans have been granted under the Company's housing loan scheme for the employees.

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

6. Current Liabilities:

Sundry Creditors include dues to Small Scale Industrial Undertakings – Rs."Nil" [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.

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 subsequent accounting periods is Rs.431 lakhs [Previous Year Rs.43 lakhs].

(b) Dividend income comprises of dividend on long term investments – Rs.22 lakhs [Previous Year Rs.20 lakhs] and on current investments Rs."Nil" [Previous Year Rs.305 lakhs]. Interest Income comprises of income from long term investments Rs."Nil" [Previous Year Rs.136 lakhs].

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

(Rs. in lakhs)

		Previous Year
(a) Salaries	**194**	37
(b) Contribution to Provident and Superannuation funds	**53**	10
(c) Leave encashment	**27**	–
(d) Perquisites	**11**	42
(e) Commission	**151**	291
TOTAL :	**436**	380

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		**24575**		25278
Add : Managerial Remuneration	**436**		380	
Directors' Fees	**6**		5	
Extraordinary items and prior period adjustments (excluding income tax adjustments)	**1801**		208	
Loss on Investments	**–**		862	
Provision for doubtful debts and advances	**–**		703	
Depreciation as per books	**16798**		20173	
		19041		22331
c/f		**43616**		47609

(Rs. in lakhs)

			Previous	Year
b/f		43616		47609
Less : Profit on Sale of Investments	825		249	
Provision for doubtful debts and advances w/back	440		–	
Depreciation under Sec. 350 of the Companies Act, 1956	16798		20173	
Capital profit on sale of Sundry Assets	13		–	
Capital profit on sale of Ships	833		–	
		18909		20422
Net Profit as per Section 349 of the Companies Act, 1956		24707		27187
11% of Net Profit as computed above		2718		2991
Commission Payable (as approved by the Board of Directors)		151		291
Total Managerial Remuneration (including commission)		436		380

8. Basic and diluted earnings per share :

		Previous Year
(a) Profit for the year after tax	21651	20750
Add / (Less) : Extraordinary items and prior period adjustments	1078	(1031)
	22729	19719
Less: Interim dividend on Preference Shares	966	945
Tax on interim dividend on Preference Shares	–	96
Net Profit after tax for Equity Shareholders	21763	18678
(b) Number of Equity Shares as on April 1, 2002	20,25,63,786	21,77,75,004
Add: Shares allotted out of abeyance quota	20,898	–
	20,25,84,684	21,77,75,004
Less: Shares extinguished on buy back	1,22,57,669	1,52,11,218
Number of Equity Shares as on March 31, 2003	19,03,27,015	20,25,63,786
Weighted average number of Equity shares outstanding during the year	19,15,74,966	21,20,55,370
(c) Face value of Equity Share	Rs.10	Rs.10
(d) Basic and diluted earnings per share	Rs.11.4	Rs.8.8

9. Segment Reporting :

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

(a) Primary segment reporting by business segment :

(Rs. in lakhs)

	Shipping		Offshore		Others		Total	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
REVENUE :								
Income from Operations & Sales	**71493**	85133	**24316**	24792	**3010**	7376	**98819**	117301
Less: Inter Segment Revenue	**–**	–	**–**	–	**–**	–	**–**	–
Net Income from Operations & Sales	**71493**	85133	**24316**	24792	**3010**	7376	**98819**	117301
RESULTS :								
Profit / (Loss) before tax and interest	**20995**	24024	**7157**	9128	**2453**	(750)	**30605**	32402
Less: Interest	**2451**	4176	**873**	708	**576**	143	**3900**	5027
Less: Unallocated expenditure net off unallocated income							**2130**	2097
Total Profit before tax							**24575**	25278
Provision for tax :								
– current							**850**	2600
– deferred							**2074**	1928
Profit for the year after tax							**21651**	20750
Extraordinary items & Prior period adjustments (net of tax)							**1078**	(1031)
Net Profit							**22729**	19719
OTHER INFORMATION :								
Assets	**147837**	145501	**41230**	38065	**73053**	67418	**262120**	250984
Liabilities	**84855**	84578	**19910**	18440	**32397**	22679	**137162**	125697
Capital Expenditure	**35308**	31932	**6273**	8082	**213**	738	**41794**	40752
Depreciation	**13429**	16950	**2467**	2326	**902**	897	**16798**	20173
Amortisation and other non cash expenditures	**237**	187	**35**	28	**534**	534	**806**	749

(b) Secondary segment reporting by geographical segment :

(i) Segment-wise Revenue :

(Rs. in lakhs)

		Previous Year
Revenue from customers outside India	**40668**	47350
Revenue from customers within India	**58151**	69951
Total	**98819**	117301

(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 :

The break up of net deferred tax liability is as under:

(Rs. in lakhs)

	As on 31.3.2003	As on 31.3.2002
Deferred tax liabilities:		
Difference between book and tax depreciation	**13142**	11652
Pre-delivery interest and other expenditure capitalised	**56**	102
Deferred revenue expenditure on hold blasting & painting	**126**	136
	13324	11890
Deferred tax assets:		
Expenditure disallowable under Section 43B	**166**	701
Diminution in value of investments	**317**	858
Provision for doubtful debts and advances (Net)	**102**	259
	585	1818
Net deferred tax liability	**12739**	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

The Great Eastern Investments Ltd.

Greatship (India) Ltd.

Deep Water Services (India) Pvt. Ltd.

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

Associates :

Business Standard Ltd.

P&O Travels India Ltd.

Great Ocean Shipping Services Ltd.

Key Management Personnel :

Mr. K.M. Sheth

Mr. Sudhir J. Mulji

Mr. Vijay K. Sheth

Mr. Bharat K. Sheth

Relatives of Key Management Personnel :

Mr. Sevantilal M. Sheth

Mr. Ravi K. Sheth

Enterprise over which Key Management Personnel exercise significant influence :

Bhiwandiwalla & Company

(ii) Transactions with related parties : (Rs. in lakhs)

Nature of Transaction	Subsidiary Companies		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel exercise significant influence	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Income earned on services rendered	**201**	–	–	–	–	–	–	–	–	–
Expenditure incurred for services rendered by others	**336**	1109	**558**	373	**–**	–	**–**	–	**–**	17
Interest earned on loans	**–**	65	**1**	30	**3**	2	–	–	–	–
Dividend Income	**22**	20	**–**	–	–	–	–	–	–	–
Loan repayments by	**593**	6626	**10**	208	**3**	2	**–**	–	**–**	–
Investments during the year	**206**	–	**–**	199	–	–	–	–	–	–
Purchase of fixed assets	**–**	11560	–	–	–	–	–	–	**5**	17
Remuneration	**–**	–	**–**	–	**436**	380	**9**	8	**–**	–
Loans & advances disbursed to	**108**	–	**–**	–	**–**	1	**–**	–	**–**	–
Outstanding balance as on 31-03-2003 :										
Loans & advances	**317**	708	**4**	14	**77**	80	**–**	–	**–**	–
Payables	**4**	40	**28**	10	**–**	–	**–**	–	**–**	2
Balances written off	**70**	–	**–**	–	**–**	–	**–**	–	**–**	–
Reimbursement of deposits placed on behalf of the Company	**505**	–	**–**	–	**–**	–	**–**	–	**–**	–
Guarantee given	**458**	–	**–**	–	**–**	–	**–**	–	**–**	–

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.46/01/2003/CL–III dated April 17, 2003.

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

Additional Information As Required Under Part IV Of Schedule VI To The Companies Act, 1956.

Balance Sheet Abstract And Company's General Business Profile :

I. Registration Details :

Registration No.	6472 of 1948
State Code	11
Balance Sheet Date	31–03–2003

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	262120
Total Assets	262120
Sources of Funds :	
Paid-up Capital	26533
Reserves & Surplus	98425
Secured Loans	88553
Unsecured Loans	13533
Deferred Taxation (Net)	12739
Application of Funds :	
Net Fixed Assets	182260
Investments	19492
Net Current Assets	36938
Misc. Expenditure	1093
Accumulated Losses	NIL

IV. Performance of Company :

	Amount (Rs. in lakhs)
Turnover	101564
Total Expenditure	76989
Profit/(Loss) Before Tax	24575
Profit/(Loss) After Tax	21651
Earning Per Share (In Rs.)	11.4
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, 2003.

		(Rs. in lakhs) Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	**24575**	25278
Adjustments For :		
Extraordinary and Prior year adjustments	**1801**	(1031)
Depreciation	**16798**	20173
Interest earned	**(1452)**	(1309)
Interest paid	**3900**	5027
Dividend received	**(22)**	(325)
(Profit)/Loss on investments (Net)	**(825)**	613
(Profit)/loss on sale of sundry assets	**(150)**	100
Share issue expenses written off	**190**	228
De-merger expenses written off	**279**	279
Expenses on buy back of shares written off	**22**	38
Doubtful advances written off/provided	**(240)**	1187
Revenue expenditure deferred	**(316)**	(411)
Deferred revenue expenditure written off	**415**	312
Exchange difference	**167**	(526)
Operating profit before working capital changes	**45142**	49633
Adjustments For :		
Trade & Other Receivables	**(1254)**	8407
Inventories	**659**	4915
Incomplete Voyages (Net)	**(510)**	704
Trade Payables	**(1000)**	(5740)
Cash Generated From Operations	**43037**	57919
Tax Paid	**(862)**	(2649)
Net cash flow from operating activities	**42175**	55270
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(45766)**	(40508)
Sale of fixed assets*	**25963**	4755
Purchase of Investments	**(69444)**	(63605)
Sale of Investments	**61635**	58374
Interest received	**1354**	1222
Dividend received	**22**	325
Term Deposits with Companies	**10**	1233
Net cash from/(used in) investing activities	**(26226)**	(38204)

		(Rs. in lakhs) Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of preference shares	–	7500
Proceeds from issue of equity shares from abeyance quota	2	–
Redemption of preference shares	(9500)	–
Buy back of equity share capital	(1226)	(1267)
Premium on buy back of equity share capital	(2781)	(2205)
Proceeds from long term borrowings	23333	25591
Repayments of long term borrowings	(12746)	(17367)
Dividend paid	(8542)	(6892)
Tax on Dividend paid	–	(707)
Interest paid	(3859)	(5849)
Share issue expenses	–	(20)
Expenses on buy back of shares	(22)	(38)
Net cash used in financing activities	(15341)	(1254)
Net increase/(decrease) in cash and cash equivalents :	608	15812
Cash and cash equivalents as at April 1, 2002 (See note below)	37611	21799
Cash and cash equivalents as at March 31, 2003 (See note below)	38219	37611

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

Note :

Cash and cash equivalent as on	March 31, 2003	March 31, 2002	March 31, 2001
Cash and Bank Balances	38685	38212	21834
Effect of exchange rate changes [Loss/(gain)]	(466)	(601)	(35)
Cash and cash equivalents as restated	38219	37611	21799

As per our Report attached hereto

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

Mumbai, May 02, 2003.

For and on behalf of the Board

K.M. Sheth Executive Chairman

Vijay K. Sheth Managing Director

Bharat K. Sheth Managing Director

Manu Shroff Director

Mumbai, May 02, 2003.

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

1. We have examined the attached Consolidated Balance Sheet of The Great Eastern Shipping Company Limited, its subsidiaries and associates as at March 31, 2003, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year then ended. These consolidated financial statements are the responsibility of The Great Eastern Shipping Company Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.1781 lakhs as at March 31, 2003, total revenues of Rs.2928 lakhs and net loss of Rs.222 lakhs for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors. The financial statements of certain associates, which reflect net losses for the year of Rs.204 lakhs were not audited as on the date of this report. The Company's share of losses thereof amounting to Rs.70 lakhs has been included in the consolidated financial statements on the basis of unaudited management accounts.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of The Great Eastern Shipping Company Limited, its subsidiaries, joint ventures and associates included in the consolidated financial statements.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on the individual audited financial statements of The Great Eastern Shipping Company Limited and its aforesaid subsidiaries and associates, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
   a) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of The Great Eastern Shipping Company Limited, its subsidiaries and associates as at March 31, 2003;
   b) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of The Great Eastern Shipping Company Limited, its subsidiaries and associates for the year then ended; and
   c) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of The Great Eastern Shipping Company Limited, its subsidiaries and associates for the year then ended.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

V. R. Mehta
Partner

Membership No.: 32083

Mumbai, May 02, 2003.

CONSOLIDATED BALANCE SHEET as at March 31, 2003.

(Rs. in lakhs)

	Schedule			Previous Year
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	26533		37256
Reserves and Surplus	2	98503		89922
			125036	127178
Loan Funds :				
Secured Loans	3	88553		79998
Unsecured Loans	4	13533		13908
			102086	93906
Deferred tax liability (Net)			12739	10072
TOTAL			239861	231156
APPLICATION OF FUNDS :				
Fixed Assets :	5			
Gross Block		293652		289956
Less: Depreciation		126077		120200
Net Block		167575		169756
Ships under construction		15002		12950
			182577	182706
Investments	6		17700	10650
Current Assets, Loans and Advances :				
Inventories	7	5368		6027
Sundry Debtors	8	8783		7564
Cash and bank balances	9	40538		39490
Other current assets	10	1123		1200
Loans and advances	11	4661		4424
Incomplete voyages (Net)		490		–
		60963		58705
Less: Current Liabilities and Provisions :				
Current Liabilities	12	13379		14523
Provisions	13	9149		8023
Incomplete voyages (Net)		–		20
		22528		22566
Net Current Assets			38435	36139
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14		1149	1661
TOTAL			239861	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, May 02, 2003.

Jayesh M. Trivedi
Company Secretary

For and on behalf of the Board

K.M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
Manu Shroff Director

Mumbai, May 02, 2003.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended March 31, 2003.

(Rs. in lakhs)

	Schedule			Previous Year
INCOME :				
Income from Operations	15		101460	123411
Interest Earned	16		1480	1313
Other Income	17		1292	1065
			104232	125789
EXPENDITURE :				
Operating Expenses	18	52085		65444
Administration & Other Expenses	19	7191		8551
Interest & Finance charges	20	3907		5169
Depreciation		16835		20779
Share in loss of Associates		70		–
			80088	99943
Profit before tax			24144	25846
Less: Provision for tax :				
– Current		854		2603
– Deferred		2074		1928
			2928	4531
Profit for the year after tax			21216	21315
Add/(Less): Extraordinary items & Prior period adjustments (net of tax)	21		1078	(1031)
			22294	20284
Less: Transfer to Reserve under Section 33AC of the Income-tax Act, 1961			14500	12500
			7794	7784
Add: Transfer from :				
– Investment Allowance Reserve		550		1800
– Reserve under Section 33AC of the Income-tax Act, 1961		16300		7700
– Debenture Redemption Reserve		925		–
			17775	9500
			25569	17284
Add: Surplus brought forward from previous year			17363	19078
Amount available for appropriations			42932	36362
Appropriations:				
– Transfer to Capital Redemption Reserve		10726		1521
– Transfer to Debenture Redemption Reserve		–		1175
– Transfer to General Reserve		13100		7644
– Interim Dividend on Preference Shares		966		945
– Proposed Dividend		7613		7618
– Tax on Dividend		975		96
			33380	18999
Balance Carried Forward			9552	17363
Basic and diluted earnings per share (in Rs.)			11.1	9.1
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

Jayesh M. Trivedi
Company Secretary

Mumbai, May 02, 2003.

For and on behalf of the Board

K.M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
Manu Shroff Director

Mumbai, May 02, 2003.

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2003.

SCHEDULE "1" :

SHARE CAPITAL :

(Rs. in lakhs)

			Previous Year
AUTHORISED :			
30,00,00,000	(Previous Year 30,00,00,000) Equity Shares of Rs.10 each	**30000**	30000
20,00,00,000	(Previous Year 20,00,00,000) Preference Shares of Rs.10 each	**20000**	20000
		50000	50000
ISSUED :			
19,08,73,056	(Previous Year 20,31,30,725) Equity Shares of Rs.10 each	**19087**	20313
–	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**–**	9500
7,50,00,000	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**7500**	7500
		26587	37313
SUBSCRIBED :			
19,03,30,163	(Previous Year 20,25,66,934) Equity Shares of Rs.10 each	**19033**	20257
–	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**–**	9500
7,50,00,000	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**7500**	7500
		26533	37257
PAID-UP :			
19,03,27,015	(Previous Year 20,25,63,786) Equity Shares of Rs.10 each fully paid up [Refer Note No. 2(b)]	**19033**	20256
	Less: Calls in arrears (Rs.41,609)	**–**	–
		19033	20256
	Add: Forfeited Shares (Rs.30,358)	**–**	–
		19033	20256
–	(Previous Year 9,50,00,000) 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**–**	9500
7,50,00,000	(Previous Year 7,50,00,000) 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each	**7500**	7500
		26533	37256

Out of above 92,99,823 (Previous Year 98,98,827) shares are allotted as fully paid up pursuant to a contract without payment being received in cash.

SCHEDULE "2" :

RESERVES AND SURPLUS :

(Rs. in lakhs)

			Previous Year
(a) CAPITAL REDEMPTION RESERVE :			
As per last Balance Sheet	5628		4107
Add: Transferred from Profit and Loss Account	10726		1521
		16354	5628
(b) INVESTMENT ALLOWANCE RESERVE :			
As per last Balance Sheet	829		2629
Less: Transferred to Profit & Loss Account	550		1800
(Reserve fully utilised towards purchase of new ships)		279	829
(c) RESERVE UNDER SECTION 33AC OF THE INCOME TAX ACT, 1961 :			
As per last Balance Sheet	28800		24000
Less: Transferred to Profit & Loss Account	16300		7700
	12500		16300
Add: Transferred from Profit and Loss Account	14500		12500
		27000	28800
(d) DEBENTURE REDEMPTION RESERVE :			
As per last Balance Sheet	6700		5525
Add: Transferred from Profit and Loss Account	–		1175
	6700		6700
Less: Transferred to Profit & Loss Account	925		–
		5775	6700
(e) DIVIDEND EQUALISATION RESERVE :			
As per last Balance Sheet		19	20
(f) SHARE PREMIUM ACCOUNT :			
As per last Balance Sheet	18582		20787
Less: Utilised for buy back of Equity Shares	2781		2205
		15801	18582
(g) GENERAL RESERVE :			
As per last Balance Sheet	12000		12500
Less: Deferred tax liability (net) as on April 1, 2001	–		8144
Less: Post acquisition loss in Associates	1309		–
Less: Loss on translation of foreign currency balances	68		–
	10623		4356
Add: Transferred from Profit and Loss Account	13100		7644
		23723	12000
(h) PROFIT AND LOSS ACCOUNT		9552	17363
		98503	89922

SCHEDULE "3" :

SECURED LOANS :

		Rs. in lakhs) Previous Year
(a) TERM LOANS :		
– From Banks	**59703**	55348
Secured by mortgage of specific ships		
(b) NON-CONVERTIBLE DEBENTURES*:		
(i) Secured Redeemable Non-Convertible Debentures of Rs.1,00,000 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 four annual instalments from August 31, 2003 to August 31, 2006.	**1600**	2100
– 11.75% (part A-G) redeemable in four equal annual instalments from October, 2003 to October, 2006.	**1200**	1500
– 11.75% (series 1-7) redeemable in four annual instalments from November 29, 2003 to November 29, 2006.	**3300**	4300
– 12.10% (part A-G) redeemable in four equal annual instalments from November 17, 2003 to November 17, 2006.	**800**	1000
– 10.85% (series 1-3) redeemed on January 31,2003	**–**	1500
– 10.65% (series I-III) redeemable in three annual instalments from February 14, 2004 to February 14, 2006.	**3500**	3500
– 8.95% redeemable on July 07, 2007.	**9000**	–
(iii) Secured Redeemable Non-Convertible Debentures of Rs.50,00,000 each :		
– 10.25% (tranche 1-7) redeemable in six annual instalments from May 25, 2003 to May 25, 2008.	**7700**	9000
* Secured by mortgage of specified immovable properties and Ships		
	88553	79998

SCHEDULE "4" :

UNSECURED LOANS :

Floating Rate Notes	**13533**	13908
Redeemable on October 30, 2003		
	13533	13908

SCHEDULE "5" :
FIXED ASSETS :

(Rs. in lakhs)

	COST				DEPRECIATION				NET BLOCK
Particulars	As at April 1, 2002	Additions for the year [Note 4(b)]	Deductions for the year [Note 4(b)]	As at March 31, 2003	Upto March 31, 2002	Adjustments in respect of Assets sold/ discarded	For the year	Upto March 31, 2003	As at March 31, 2003
Fleet	**268775**	**41412**	**35359**	**274828**	**109762**	**9724**	**15897**	**115935**	**158893**
	255938	*40039*	*27202*	*268775*	*100236*	*10327*	*19853*	*109762*	*159013*
Plant & Machinery :									
– Rigs and Barges	**4418**	–	–	**4418**	**4344**	–	–	**4344**	**74**
	4418	–	–	*4418*	*4344*	–	–	*4344*	*74*
– Given on lease	**1**	–	–	**1**	**1**	–	–	**1**	–
	1	–	–	*1*	*1*	–	–	*1*	–
– Others	**2147**	–	**861**	**1286**	**2010**	**857**	**25**	**1178**	**108**
	2567	–	*420*	*2147*	*2271*	*288*	*27*	*2010*	*137*
Land (Freehold & Perpetual Lease)	**4391**	–	**3**	**4388**	–	–	–	–	**4388**
	4374	*17*	–	*4391*	–	–	–	–	*4391*
Land (Leasehold)	**5**	–	–	**5**	**1**	–	–	**1**	**4**
	5	–	–	*5*	*1*	–	–	*1*	*4*
Ownership Flats and Office Premises *	**5953**	–	**1456**	**4497**	**1381**	**172**	**164**	**1373**	**3124**
	6701	*38*	*786*	*5953*	*1190*	*50*	*241*	*1381*	*4572*
Furniture, Fixtures and Office Equipments	**3368**	**118**	**72**	**3414**	**2250**	**57**	**599**	**2792**	**622**
	2987	*467*	*86*	*3368*	*1798*	*73*	*525*	*2250*	*1118*
Vehicles	**898**	**95**	**178**	**815**	**451**	**148**	**150**	**453**	**362**
	835	*217*	*154*	*898*	*424*	*106*	*133*	*451*	*447*
SUB–TOTAL	**289956**	**41625**	**37929**	**293652**	**120200**	**10958**	**16835**	**126077**	**167575**
	277826	*40778*	*28648*	*289956*	*110265*	*10844*	*20779*	*120200*	*169756*
Ships under construction									**15002**
									12950
									182577
									182706

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

SCHEDULE "6" :

INVESTMENTS :

	Face Value Rs.	No. of Units	Rs. in lakhs	Previous Year No. of Units	Previous Year Rs. in lakhs
(a) LONG TERM INVESTMENTS :					
(at carrying cost – Fully Paid)					
(i) Equity Shares: Unquoted					
Associates :					
Great Ocean Shipping Services Ltd. of Stg. Pound 1 each		1,96,000	119	1,96,000	119
P & O Travels India Ltd.	10	8,75,000	100	8,75,000	88
Business Standard Ltd.	10	1,67,85,787	211	1,67,85,787	2402
			430		2609
(b) CURRENT INVESTMENTS :					
(at lower of cost and fair value – Fully Paid)					
(i) Government Securities : Quoted					
364 Days Treasury Bills, 2002			–	45,00,00,000	4369
91 Days Treasury Bills, 2002			–	44,50,00,000	4410
			–		8779
(ii) Equity Shares : Quoted					
Prime Securities Ltd.	10	–	–	25,33,699	62
Vijay Textiles Ltd.	10	1,97,300	–	1,97,300	–
			–		62
(iii) Mutual Funds:					
Alliance Cash Manager (Growth)	10	1,13,52,598	1640	–	–
Birla Cash Plus – Dividend Reinvestment	10	1,91,08,247	2021	–	–
DSP Merrill Lynch Liquidity Fund (Growth)	10	24,26,219	355	–	–
HDFC Liquid Premium Plus Plan (Growth)	10	83,18,637	1000	–	–
HSBC Cash Fund	10	49,10,193	500	–	–
JM High Liquidity Fund (Growth)	10	63,19,435	1050	–	–
Kotak Mahindra Liquid Institutional Plan (Growth)	10	1,69,85,131	2049	–	–
Prudential ICICI Liquid Institutional Fund (Growth)	10	1,99,74,025	2954	–	–
c/f			11569		–

SCHEDULE "6" : (CONTD.)

	Value Rs.	No. of Units	Rs. in lakhs	Previous Year No. of Units	Previous Year Rs. in lakhs
b/f			11569		–
Reliance Liquid Fund (Treasury Plan – Growth)	10	1,05,26,939	1500	–	–
Templeton India Liquid Fund (Growth)	10	1,51,25,254	2201	–	–
Zurich India Liquid Fund (Growth)	10	1,63,61,496	2000	–	–
			17270		–
Total investments			17700		11450
Less: Provision for diminution in value of long term investments			–		800
Grand Total			17700		10650
Aggregate Book Value of Quoted Investments			–		8841
Aggregate Book Value of Unquoted Investments			17700		1809
Market Value of Quoted Investments			–		8841

SCHEDULE "7" :

INVENTORIES :

	Rs. in lakhs	Previous Year Rs. in lakhs
(a) Fuel oils	900	833
(b) Properties for sale	249	474
(c) Property development work-in-progress	4219	4720
	5368	6027

SCHEDULE "8" :

SUNDRY DEBTORS :

	Rs. in lakhs	Previous Year Rs. in lakhs
(Unsecured)		
(a) Debts outstanding over six months :		
– Considered good	247	197
– Considered doubtful	179	431
	426	628
(b) Other Debts :		
– Considered good	8536	7367
	8962	7995
Less : Provision for doubtful debts	179	431
	8783	7564

SCHEDULE "9" :

CASH AND BANK BALANCES :

			(Rs. in lakhs) Previous Year
(a) Cash on hand		10	9
(b) Balances with scheduled banks :			
– On current account	1823		818
– On deposit account	24971		18252
		26794	19070
(c) Balances with other banks :			
– On call deposits with ABN AMRO Bank, London (Maximum Balance Rs.34285 lakhs, Previous Year Rs.24181 lakhs)	7776		19627
– On current account with ABN AMRO Bank, Dubai (Maximum Balance Rs.50 lakhs, Previous Year Rs.15 lakhs)	50		43
– On call deposits with Citi Bank, London (Maximum Balance Rs.4892 lakhs, Previous Year Rs."Nil")	4892		–
– On call deposits with Nedship Bank, Rotterdam (Maximum Balance Rs.611 lakhs, Previous Year Rs."Nil")	611		–
– On term deposits with The Development Bank of Singapore Ltd., Singapore (Maximum Balance Rs.121 lakhs, Previous Year Rs.118 lakhs)	121		118
– On current account with The Development Bank of Singapore Ltd., Singapore (Maximum Balance Rs.103 lakhs, Previous Year Rs.112 lakhs)	103		76
– On current account with The Royal Bank of Scotland Plc, London (Maximum Balance Rs.266 lakhs, Previous Year Rs.901 lakhs)	181		531
– On current account with The Hongkong and Shanghai Banking Corporaion Ltd., Fujairah (Maximum Balance Rs.10 lakhs, Previous Year Rs.15 lakhs)	–		10
– On current account with UBS Philips & Drew (Maximum Balance Rs.6 lakhs, Previous Year Rs.6 lakhs)	–		6
		13734	20411
		40538	39490

SCHEDULE "10" :

OTHER CURRENT ASSETS :

			(Rs. in lakhs) Previous Year
(a) Interest accrued on investments and deposits		367	268
(b) Accrued Income		–	481
(c) Insurance claims receivable :			
– Considered good	756		451
– Considered doubtful	47		47
	803		498
Less: Provision for Doubtful Claims	47		47
		756	451
		1123	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	3877	4047
– Considered Doubtful	117	305
(b) Agents' current accounts	773	324
(c) Balances with Customs, Port Trust etc.	7	39
(d) Term deposit with Business Standard Ltd., an Associate Company (Maximum balance during the year Rs.14 lakhs, Previous Year Rs.222 lakhs)	4	14
	4778	4729
Less : Provision for Doubtful Advances	117	305
	4661	4424

SCHEDULE "12" :

CURRENT LIABILITIES :

(a) Sundry Creditors	8696	7983
(b) Advance Charter Hire received	1057	776
(c) Unpaid dividend *	315	273
(d) Unpaid matured fixed deposits *	5	5
(e) Other Liabilities	1768	3995
(f) Interest accrued but not due	1387	1200
(g) Managerial Remuneration payable	151	291
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
	13379	14523

SCHEDULE "13" :

(Rs. in lakhs)

PROVISIONS :

			Previous Year
(a) Provision for taxation (Net of Advance tax and tax deducted at source)		316	201
(b) Proposed Dividend		7613	7618
(c) Provision for tax on dividend		975	–
(d) Provision for Retirement leave encashment benefit		245	204
		9149	8023

SCHEDULE "14" :

MISCELLANEOUS EXPENDITURE :

(to the extent not written off or adjusted)

			Previous Year
(a) Share Issue Expenses :			
As per last Balance Sheet	213		421
Add: Expenditure incurred during the year	–		20
	213		441
Less: Amortised during the year	190		228
		23	213
(b) De-merger Expenses :			
As per last Balance Sheet	560		839
Less: Amortised during the year	279		279
		281	560
(c) Deferred Revenue Expenditure :			
As per last Balance Sheet	888		789
Add: Expenditure incurred during the year	372		411
	1260		1200
Less: Amortised during the year	415		312
		845	888
		1149	1661

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2003.

(Rs. in lakhs)

SCHEDULE "15" :

INCOME FROM OPERATIONS :

			Previous Year
Freight and Demurrage		27078	43952
Charter Hire		62441	59550
Profit on sale of Ships		1920	–
Turnover :			
– Property Development	2186		3509
– Commodities Trading	–		3732
		2186	7241
Contract Revenue (Gross) (Income-tax deducted at source Rs.93 lakhs, Previous Year Rs.210 lakhs)		6235	12016
Profit on sale of current investments		825	–
Miscellaneous Receipts		775	652
		101460	123411

SCHEDULE "16" :

INTEREST EARNED (GROSS) :

On Term Deposits	1077	592
On Government Securities and Public sector Bonds	–	136
On Call deposit account	310	473
Others (Income-tax deducted at source Rs. 236 lakhs, Previous Year Rs.115 lakhs)	93	112
	1480	1313

SCHEDULE "17" :

OTHER INCOME :

Dividend	–	305
Gain on foreign currency transactions (Net)	431	437
Profit on sale of sundry assets (Net)	150	–
Provision for Doubtful Debts & Advances written back	440	–
Miscellaneous Income	271	323
	1292	1065

SCHEDULE "18" :

OPERATING EXPENSES :

			(Rs. in lakhs) Previous Year
(a) FLEET :			
Direct :			
Fuel Oil and Water	5294		7948
Port, Light and Canal Dues	2842		4036
Stevedoring, Despatch & Cargo Expenses	227		389
Hire of chartered ships	5882		6098
Brokerage & Commission	1854		2553
Agency Fees	243		297
Others :			
Wages, Bonus and Other Expenses on Floating Staff	8356		9706
Gratuity	133		195
Contribution to Provident & Other Funds	83		82
Stores	3101		2922
Repairs & Maintenance – Fleet	11109		11415
(Including Deferred Revenue Expenditure written off Rs. 237 lakhs, Previous Year Rs. 159 lakhs)			
Insurance & Protection Club Fees	2348		2805
Vessel Management Fees	2215		2127
Sundry Steamer Expenses	984		879
		44671	51452
(b) COST OF SALES – PROPERTY DEVELOPMENT :			
Opening Stock :			
– Properties for sale	474		1400
– Development work-in-progress	4720		6251
	5194		7651
Add: Expenses during the year :			
– Project Management Fees	1283		1424
– Other project expenses	16		32
	6493		9107
Less: Closing Stock :			
– Properties for sale	249		474
– Development work-in-progress	4219		4720
		2025	3913
c/f		46696	55365

SCHEDULE "18": (CONTD.)

(Rs. in lakhs)

				Previous Year
	b/f		46696	55365
(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
		–		1646
Less : Closing Stock		–		–
			–	3557
(d) OIL & GAS DIVISION :				
Manpower		44		174
Salary & Allowances		735		858
Gratuity		–		13
Contribution to Provident & Other Funds		24		39
Commissary & Quarters		232		206
Insurance		448		506
Travelling		62		64
Repairs & Maintenance		3021		1697
Fuel, Water & Supplies		677		545
Others		146		1770
			5389	5872
(e) LOSS ON SALE OF SHIPS			–	37
(f) LOSS ON INVESTMENT (NET) :				
Profit on sale of current investments		–		(249)
Diminution in value of current investments written off		–		42
Provision for diminution in value of long term investments		–		800
Investments written off		–		20
			–	613
			52085	65444

SCHEDULE "19" :

ADMINISTRATION & OTHER EXPENSES :

(Rs. in lakhs)

			Previous Year
(a) ADMINISTRATION EXPENSES :			
Staff Expenses :			
– Salaries & Bonus	2927		2495
– Staff Welfare Expenses	189		148
– Gratuity	110		49
– Contribution to Provident & Other Funds	204		115
		3430	2807
Rent		72	81
Insurance		70	27
Repairs and Maintenance :			
– Buildings	90		324
– Others	84		50
		174	374
Travelling Expenses		448	461
Loss on sale of sundry assets (Net)		–	100
Property Taxes		16	51
Legal & Professional fees		670	1076
Postage, Telephone & Telex expenses		302	381
Electricity expenses		129	135
Conveyance expenses		173	189
Miscellaneous Expenses		935	1014
Auditors' Remuneration (including service tax) :			
– Audit Fees	38		33
– In Other Capacity :			
Tax Audit	2		2
Taxation	6		7
Certification & other services	13		13
		59	55
Donations		12	21
Directors' Fees		7	6
(b) OTHER EXPENSES :			
Share issue expenses written off	190		228
Expenses on buy back of shares written off	22		38
De-merger expenses written off	279		279
Doubtful debts and advances written off	200		492
Provision for Doubtful Debts & Advances	–		736
Preliminary expenses written off	3		–
		694	1773
		7191	8551

SCHEDULE "20" :
INTEREST & FINANCE CHARGES :

		(Rs. in lakhs) Previous Year
Interest :		
– Fixed Loans	3842	4934
– Other Loans	67	10
Finance charges	148	478
	4057	5422
Less : Pre-delivery interest capitalised.	150	253
	3907	5169

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

Excess provisions written back	1731	109
Sundry balances written back	100	136
Excess provision for dividend in previous year (including tax on dividend)	7	56
	1838	301
Less :		
Income tax for prior years (including Rs. "Nil", Previous Year Rs. 887 lakhs – extraordinary item)	–	1295
Short provision for expenses	37	37
	37	1332
	1801	(1031)
Less : Provision for tax :		
– current	130	–
– deferred	593	–
	723	–
	1078	(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 less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings during construction period. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of 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. 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 to 23 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 :

Leasehold land is amortised over the lease period.

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

(iv) Other Assets :

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

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

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

SCHEDULE "23" :

NOTES ON CONSOLIDATED ACCOUNTS :

1. Consolidation of Accounts : Basis of Preparation

The consolidated financial statements are prepared in accordance with the Accounting Standard (AS 21) on Consolidated Financial Statements and Accounting Standard (AS 23) on Accounting for Investments in Associates in Consolidated Financial Statement 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%
4.	The Great Eastern Investments Ltd.	India	100%
5.	Greatship (India) Ltd.	India	100%
6.	Deep Water Services (India) Pvt. Ltd.	India	100%

The associate companies considered in the financial statements are :

Sr. No.	Name of the Company	Country of Incorporation	% of Holding
1.	P & O Travels Pvt. Ltd.	India	25%
2.	Business Standard Ltd.	India	32%
3.	Great Ocean Shipping Services Ltd.	U.K.	49%

2. Contingent Liabilities :

(a) Guarantees given by Banks, counter guaranteed by the Company – Rs.2751 lakhs [Previous Year Rs.2377 lakhs].

(b) Corporate guarantees given by the Company – Rs.535 lakhs [Previous Year Rs.535 lakhs].

(c) Income tax / Sales tax demands against which the Company has preferred appeals – Rs. 510 lakhs [Previous Year Rs.510 lakhs].

(d) Letters of credit outstanding – Rs.864 lakhs [Previous Year Rs.128 lakhs].

(e) Demand from the Office of the Collector & District Magistrate Mumbai City towards transfer charges for transfer of office premises under the Scheme of de-merger of erstwhile property division not acknowledged by the Company. – Rs.124 lakhs [Previous Year Rs."Nil"].

3. Share Capital :

(a) The 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each issued during 2000-01 were redeemed during the year. The 10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each issued during 2001-02 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 1,22,57,669 equity shares of Rs.10 each at an average price of Rs.32.69 per share aggregating Rs.4007 lakhs in continuation of its second buyback programme commenced in the previous year, in terms of the resolution passed by the shareholders in the Annual General Meeting held on July 26, 2001.

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 have been reduced by Rs.1226 lakhs.

(c) Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, – the allotment of 3,79,992 [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. During the year the Company has alloted 20,898 shares out of these shares kept in abeyance. 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.

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.68543 lakhs [Previous Year Rs.76857 lakhs].

(b) The amount of exchange gain / (loss) on account of fluctuations of the rupee against foreign currencies, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities deducted/ (added) from/to the carrying amount of fixed assets during the year is Rs.2295 lakhs [Previous Year Rs.(3743) lakhs].

5. Investment :

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

(Rs. in lakhs)

	P & O Travels Pvt. Ltd.	**Business Standard Ltd.**	***Great Ocean Shipping Services Ltd.**
Book Value of Investments on Acquisition	88	218	119
Goodwill	–	2184	–
Cost of Investment	88	2402	119
Share of Profit / (Loss) in Associates post acquisition	(1)	(2108)	–
Share of Profit / (Loss) in Associates for the year	13	(83)	–
Carrying Cost	100	211	119

* Not accounted under equity method since the investment is sold subsequent to the Balance Sheet date.

6. 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 subsequent accounting periods is Rs.431 lakhs [Previous Year Rs.43 lakhs].

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

		(Rs. in lakhs) Previous Year
(a) Salaries	**194**	37
(b) Contribution to Provident and Superannuation funds	**53**	10
(c) Leave encashment	**27**	–
(d) Perquisites	**11**	42
(e) Commission	**151**	291
Total	**436**	380

7. Basic and diluted earnings per share :

(a) Profit for the year after tax.	**21216**	21315
Add / (Less) : Extraordinary items and prior period adjustments	**1078**	(1031)
	22294	20284
Less : Interim dividend on Preference Shares	**966**	945
Tax on interim dividend on Preference Shares	**–**	96
Net Profit after tax for Equity Shareholders	**21328**	19243
(b) Number of Equity shares as on April 1, 2002	**20,25,63,786**	21,77,75,004
Add : Shares allotted out of abeyance quota	**20,898**	–
	20,25,84,684	21,77,75,004
Less : Shares extinguished on buy back	**1,22,57,669**	1,52,11,218
Number of Equity Shares as on March 31, 2003	**19,03,27,015**	20,25,63,786
Weighted average number of Equity Shares outstanding during the year	**19,15,74,966**	21,20,55,370
(c) Face value of Equity Share	**Rs. 10**	Rs. 10
(d) Basic and diluted earnings per share	**Rs. 11.1**	Rs. 9.1

8. Segment Reporting :

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

(a) Primary segment reporting by business segment :

(Rs. in lakhs)

	Shipping		Offshore		Others		Total	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
REVENUE :								
Income from Operations and Sales	**73514**	91243	**24936**	24792	**3010**	7376	**101460**	123411
Less : Inter Segment Revenue	**–**	–	**–**	–	**–**	–	**–**	–
Net Income from Operations and Sales	**73514**	91243	**24936**	24792	**3010**	7376	**101460**	123411
RESULTS :								
Profit / (Loss) before tax and interest	**20860**	24736	**6947**	9128	**2444**	(746)	**30251**	33118
Less : Interest	**2451**	4318	**880**	708	**576**	143	**3907**	5169
Less : Share in Loss of Associates							**70**	–
Less : Unallocated expenditure net of unallocated income							**2130**	2103
Total Profit before tax							**24144**	25846
Provision for tax :								
– current							**854**	2600
– deferred							**2074**	1928
Profit for the year after tax							**21216**	21318
Extraordinary items & Prior period adjustments (net of tax)							**1078**	(1031)
Net Profit							**22294**	20287
OTHER INFORMATION :								
Assets	**149830**	146887	**41236**	38065	**71310**	68713	**262376**	253665
Liabilities	**84964**	85368	**19992**	18440	**32397**	22679	**137353**	126487
Capital Expenditure	**35139**	31957	**6273**	8082	**213**	739	**41625**	40778
Depreciation	**13435**	17550	**2498**	2326	**902**	903	**16835**	20779
Amortisation and other non cash expenditures	**237**	187	**35**	28	**534**	534	**806**	749

(b) Secondary segment reporting by geographical segment :

(i) Segment-wise Revenue :

		(Rs. in lakhs) Previous Year
Revenue from customers outside India	**40560**	52795
Revenue from customers within India	**60900**	70616
Total	**101460**	123411

(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.

9. Deferred tax :

The break up of net deferred tax liability is as under :

(Rs. in lakhs)

	As on 31.3.2003	As on 31.3.2002
Deferred tax liabilities :		
Difference between book and tax depreciation	**13142**	11652
Pre-delivery interest and other expenditure capitalised	**56**	102
Deferred revenue expenditure on hold blasting & painting	**126**	136
	13324	11890
Deferred tax assets :		
Expenditure disallowable under section 43B	**166**	701
Diminution in value of investments	**317**	858
Provision for doubtful debts and advances (Net)	**102**	259
	585	1818
Net deferred tax liability	**12739**	10072

10. Related Party Disclosures :

(i) List of Related Parties

Related parties with whom transactions have taken place during the year

Associates :

Business Standard Ltd.

P&O Travels India Ltd.

Great Ocean Shipping Services Ltd.

Key Management Personnel :

Mr. K.M. Sheth

Mr. Sudhir J. Mulji

Mr. Vijay K. Sheth

Mr. Bharat K. Sheth

Relatives of Key Management Personnel :

Mr. Sevantilal M. Sheth

Mr. Ravi K. Sheth

Enterprise over which Key Management Personnel exercise significant influence :

Bhiwandiwalla & Company

(ii) Transactions with related parties :

(Rs. in lakhs)

Nature of Transaction	Associate Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Personnel exercise significant influence	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Expenditure incurred for services rendered by others	**558**	373	**–**	–	**–**	–	**–**	17
Interest earned on loans	**1**	30	**3**	2	**–**	–	**–**	–
Loan repayments by	**10**	208	**3**	2	**–**	–	**–**	–
Investments during the year	**–**	199	**–**	–	**–**	–	**–**	–
Purchase of fixed assets	**–**	–	**–**	–	**–**	–	**5**	17
Remuneration	**–**	–	**436**	380	**9**	8	**–**	–
Loans & Advances disbursed to	**–**	–	**–**	1	**–**	–	**–**	–
Outstanding balance as on 31-03-2003								
Loans & advances	**4**	14	**77**	80	**–**	–	**–**	–
Payables	**28**	10	**–**	–	**–**	–	**–**	2

11. 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.46/01/2003/CL-III dated April 17, 2003.

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2003.

(Rs. in lakhs)

		Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT/(LOSS) BEFORE TAX	**24144**	25846
Adjustments For :		
Extraordinary and Prior year adjustments	**1801**	(1031)
Depreciation	**16836**	20779
Interest earned	**(1469)**	(1313)
Interest paid	**3907**	5169
Dividend received	**–**	(305)
(Profit)/Loss on investments (Net)	**(755)**	613
(Profit)/loss on sale of sundry assets	**(291)**	100
Share issue expenses written off	**190**	228
De-merger expenses written off	**279**	279
Expenses on buy back of shares written off	**22**	38
Doubtful advances written off/provided	**(240)**	1187
Revenue expenditure deferred	**(316)**	(411)
Deferred revenue expenditure written off	**415**	312
Exchange difference	**134**	(454)
Operating profit before working capital changes	**44657**	51037
Adjustments For :		
Trade & Other Receivables	**(1230)**	2176
Inventories	**659**	4915
Incomplete Voyages (Net)	**(510)**	704
Trade Payables	**(760)**	(6275)
Cash Generated From Operations	**42816**	52557
Tax Paid	**(869)**	(2655)
Net cash flow from operating activities	**41947**	49902
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(45756)**	(28949)
Sale of fixed assets*	**27376**	5643
Purchase of Investments	**(69238)**	(63605)
Sale of Investments	**61635**	58374
Interest received	**1371**	1226
Dividend received	**–**	305
Deferred revenue expenditure	**(57)**	–
Term Deposits with Companies	**10**	1233
Net cash from/(used in) investing activities	**(24659)**	(25773)

		(Rs. in lakhs) Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of preference shares	**–**	7500
Proceeds from issue of equity shares from abyyance quota	**2**	–
Buy back of equity share capital	**(1226)**	(1267)
Redemption of preferecnce shares	**(9500)**	–
Premium on buy back of equity share capital	**(2781)**	(2205)
Proceeds from long term borrowings	**23333**	25591
Repayments of long term borrowings	**(13503)**	(24221)
Dividend paid	**(8542)**	(6892)
Tax on Dividend paid	**–**	(707)
Interest paid	**(3866)**	(5991)
Share issue expenses	**–**	(20)
Expenses on buy back of shares	**(22)**	(38)
Net cash used in financing activities	**(16105)**	(8250)
Net increase/(decrease) in cash and cash equivalents :	**1183**	15879
Cash and cash equivalents as at April 1, 2002 (See note below)	**38889**	23010
Cash and cash equivalents as at March 31, 2003 (See note below)	**40072**	38889

* 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, 2003**	March 31, 2002
Cash and bank balances	**40538**	39490
Effect of exchange rate changes [Loss/(gain)]	**(466)**	(601)
Cash and cash equivalents as restated	**40072**	38889

As per our Report attached hereto

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Jayesh M. Trivedi
Company Secretary

Mumbai, May 02, 2003.

For and on behalf of the Board

K.M. Sheth Executive Chairman
Vijay K. Sheth Managing Director
Bharat K. Sheth Managing Director
Manu Shroff Director

Mumbai, May 02, 2003.

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	The Great Eastern Investments Ltd.	Greatship (India) Ltd.	DeepWater Services (India) Pvt. Ltd.
2.	Financial Year ended	March 31, 2003	March 31, 2003	March 31, 2003	March 31, 2003	March 31, 2003	March 31, 2003
3.	Date from which it became a Subsidiary	July 3, 1985	March 28, 1994	September 11, 1999	May 17, 2002	June 26, 2002	August 02, 2002
4.	Extent of interest of the Holding Company in the capital of the Subsidiary	100%	100%	100%	100%	100%	100%
5.	Net aggregate amount of the Subsidiary's profit less losses not dealt with in the Holding Company's Accounts :						
	(i) Current Year	US$ 20,841	S$ (37,461)	US$ (464,552)	Rs. 4,24,402	Rs. (1,575)	Rs. (49,217)
	(ii) Previous Year since it became Subsidiary	US$ 2,958,577	S$ 405,216	US$ 340,149	N.A	N.A	N.A
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
Bharat K. Sheth Managing Director
Manu Shroff Director

Jayesh M. Trivedi
Company Secretary

Mumbai, May 02, 2003.

THE GREAT EASTERN SHIPPING CO. LONDON LTD.

A Subsidiary Company

Directors	S.J. Mulji B.K. Sheth V.K. Sheth M.J. Brace P.B. Kerr–Dineen W.R. Horkey
Secretary	K.R. Engineer
Registered Office	The Galleries Charters Road Sunningdale Ascot Berkshire SL5 9QJ
Registered Number	1877474 (England and Wales)
Auditors	G.R. Atkinson FCA Registered Auditor The Galleries Charters Road Sunningdale Berkshire SL5 9QJ
Bankers	The Royal Bank of Scotland plc Shipping Business Centre 5–10 Great Tower Street London EC3P 3HX Bank of Baroda 31–32 King Street London EC2V 8EN

Report Of The Directors for the year ended 31 march, 2003

The Directors present their report with the financial statements of the Company for the year ended 31 March 2003.

Principal Activities

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

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

Review of Business

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

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

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 the 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 2003 did not hold any beneficial interest in the issued share capital of the Company at 1 April, 2002 or 31 March, 2003.

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, 2003.

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 2003 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 FCA, will be proposed for re-appointment in accordance with Section 385 of the Companies Act, 1985.

ON BEHALF OF THE BOARD

K. R. Engineer – SECRETARY

Dated : 21 April, 2003

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

We have audited the financial statements of The Great Eastern Shipping Co. London Ltd. for the year ended 31 March 2003 on pages 109 to 112. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective Responsibilities of Directors and Auditors

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

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

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

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

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

G. R. Atkinson FCA

Registered Auditor
The Galleries
Charters Road,
Sunningdale
Berkshire
SL5 9QJ

Dated : 21 April, 2003

Profit and Loss Account for the year ended 31 March, 2003.

	Notes	2003 US$	2002 US$
Turnover	2	4,264,053	8,490,210
Cost of sales		4,076,357	7,293,115
Gross Profit		187,696	1,197,095
Administrative Expenses		236,117	255,979
Operating (Loss)/Profit	4	(48,421)	941,116
Interest receivable and similar income		84,033	47,092
		35,612	988,208
Interest Payable and similar Charges	5	14,771	269,162
Profit On Ordinary Activities Before Taxation		20,841	719,046
Tax on profit on ordinary activities	6	–	–
Profit For The Financial Year After Taxation		20841	719,046
Retained Profit brought forward		2,958,578	2,239,532
RETAINED PROFIT CARRIED FORWARD		$2,979,419	$2,958,578

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of these financial statements.

Balance Sheet as at 31 March, 2003.

	Notes	2003 US$	2003 US$	2002 US$	2002 US$
Fixed Assets					
Tangible assets	7		690,309		1,549,575
Current Assets					
Debtors	8	161,101		992,708	
Cash at bank and in hand		2,878,770		2,115,641	
		3,039,871		3,108,349	
Creditors Amounts falling due within one year	9	407,013		1,350,772	
Net Current Assets			2,632,858		1,757,577
Total Assets Less Current Liabilities			3,323,167		3,307,152
Creditors Amounts failling due after more than one year	10		2,148		6,974
			$3,321,019		$3,300,178
Capital And Reserves					
Called up share capital	14		301,600		301,600
Dividend equalisation reserve	15		40,000		40,000
Profit and Loss account			2,979,419		2,958,578
Shareholders' Funds	19		$3,321,019		$3,300,178

ON BEHALF OF THE BOARD

S. J. Mulji – Director

Approved by the Board on 21 April, 2003

The notes form part of these financial statements.

Cash Flow Statement for the year ended 31 March, 2003.

	Notes	2003 US$	2003 US$	2002 US$	2002 US$
Net cash (outflow)/ inflow from operating activities	1		**(23,965)**		928,854
Returns on investments and servicing of finance	2		**69,262**		(222,070)
Capital Expenditure	2		**1,143,481**		25,029,337
			1,188,778		25,736,121
Managements of liquid resources	2		**630,547**		1,165,978
Financing	2		**(1,056,195)**		(26,391,712)
Increase in cash in the period			**$763,130**		$510,387
Reconciliation of Net Cash Flow to Movement in Net Funds	3				
Increase In cash in the period		**763,130**		510,387	
Cash outflow From decrease in debt and lease financing		**1,056,195**		26,391,714	
Change in net funds resulting From cash flows			**1,819,325**		26,902,101
Movement in Net Funds in the period			**1,819,325**		26,902,101
Net Funds/(debt) at 1 April			**1,052,143**		(25,849,958)
Net funds at 31 March			**$2,871,468**		$1,052,143

The notes form part of these financial statements.

Notes To The Cash Flow Statement for the year ended 31 March 2003.

	2003 $	2002 $
1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		
Operating (Loss)/Profit	**(48,421)**	941,116
Depreciation Charges	**7,546**	1,037,442
Loss on sale of fixed assets	**–**	135,877
Profit on sale of fixed assets	**(291,760)**	–
Decrease/(Increase) in debtors	**246,967**	(171,982)
Increase/(Decrease) in creditors	**61,703**	(877,722)
Net cash (outflow)/inflow from operating activities	**(23,965)**	928,854
2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT		
Returns on investments and servicing of finance		
Interest received	**33,899**	46,364
Foreign exchange gains/(losses)	**50,134**	728
Interest Paid	**(13,156)**	(267,798)
Interest element of hire purchase or finance lease rentals payments	**(1,615)**	(1,364)
Net cash inflow/(outflow) for returns on investments and servicing of finance	**69,262**	(222,070)
Capital Expenditure		
Purchase of tangible fixed assets	**(1,279)**	(755)
Sale of tangible fixed assets	**1,144,760**	25,030,092
Net cash inflow for capital expenditure	**1,143,481**	25,029,337
Management of liquid resources		
Deferred investment debtor	**79,665**	–
Amounts owed to group undertakings	**550,882**	1,165,978
Net cash inflow from management of liquid resources	**630,547**	1,165,978
Financing		
Loan repayments in year	**(1,051,875)**	(26,387,500)
HP repayments	**(4,320)**	(4,212)
Net cash outflow from financing	**(1,056,195)**	(26,391,712)

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.02 $	Cash Flow $	At 31.3.03 $
Net cash			
Cash at bank and in hand	2,115,641	763,129	**2,878,770**
	2,115,641	763,129	**2,878,770**
Debt :			
Hire purchase or finance leases	(11,623)	4,320	**(7,303)**
Debts falling due within one year	(1,051,875)	1,051,875	–
	(1,063,498)	1,056,195	**(7,303)**
Total	1,052,143	1,819,325	**2,871,467**
Analysed in Balance Sheet			
Cash at Bank and in hand	2,115,641		**2,878,770**
Hire purchase or finance leases			
within one year	(4,649)		**(5,155)**
After one year	(6,974)		**(2,148)**
Debts falling due within one year	(1,051,875)		–
	1,052,143		**2,871,467**

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003.

1. ACCOUNTING POLICIES

Accounting Convention

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

Turnover

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

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 Fitting	– 20% on reducing balance
Motor vehicles	– 25% on reducing balance

Deferred tax

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

Foreign currencies

The financial statements are stated in US Dollars.

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.

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 the principal activities of the Company.

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

	2003 $	2002 $
Charter hire	734,310	2,805,270
Freight earnings	3,199,313	5,534,819
Profit on ship sales	291,760	–
Chartering commissions and Sundry income	38,670	150,121
	4,264,053	8,490,210

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

3. STAFF COSTS

	2003 $	2002 $
Wages and salaries	88,421	80,640
Social security costs	9,632	9,013
Other pension costs	17,244	14,294
	115,297	103,947

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

	2003	2002
Staff (including Directors)	8	8

4. OPERATING PROFIT

	2003 $	2002 $
The operating profit is stated after charging/(crediting) :		
Depreciation – owned assets	7,546	1,037,442
(Profit)/Loss on disposal of fixed assets	(291,760)	135,877
Auditors' remuneration	5,700	5,700
Directors' emoluments	–	–

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 $	2002 $
Bank loan interest	13,156	267,798
Hire purchase	1,615	1,364
	14,771	269,162

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March, 2003 nor for the year ended 31 March 2002.

7. TANGIBLE FIXED ASSETS

	Ships $	Fixtures and Fitting $	Motor vehicles $	Totals $
Cost				
At 1 April, 2002	7,773,111	43,409	88,729	7,905,249
Additions	–	1,279	–	1,279
Disposals	(5,008,699)	–	–	(5,008,699)
At 31 March, 2003	2,764,412	44,688	88,729	2,897,829
Depreciation				
At 1 April, 2002	6,254,909	32,353	68,411	6,355,673
Charge for year	–	2,467	5,079	7,546
Eliminated on disposals	(4,155,699)	–	–	(4,155,699)
At 31 March, 2003	2,099,210	34,820	73,490	2,207,520
NET BOOK VALUE				
At 31 March 2003	665,202	9,868	15,239	690,309
At 31 March 2002	1,518,202	11,055	20,318	1,549,575

8. DEBTORS

	2003 $	2002 $
Amounts falling due within one year :		
V.A.T.	151	1,290
Other debtors	1,824	–
Prepayments	159,126	406,778
Amounts owed by group Undertakings	–	504 ,975
	161,101	913,043
Amounts falling due after more than one year :		
Other debtors	–	79,665
Aggregate amounts	161,101	992,708

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 $	2002 $
Bank loan and overdrafts (see note 11)	–	1,051,875
Hire purchase	5,155	4,649
Social security & other taxes	1,327	2,190
Owned to group undertaking	227,573	181,666
Accrued Expenses	172,958	110,392
	407,013	1,350,772

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

	2003 $	2002 $
Hire Purchase	2,148	6,974

11. LOAN AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below :

	2003 $	2002 $
Amounts falling due within one year or on demand :		
Bank loans	–	1,051,875

12. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	Land and Buildings Operating Leases 2003 $	2002 $
Expiring :		
In more than five years	18,170	16,387

13. SECURED DEBTS

Bank loans (fully repaid by 31 March 2003) were secured by :

(1) Ships mortgages

(2) Assignment of charter earnings and ship insurance

(3) Deeds of covenant

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid :

Number :	Class :	Nominal Value :	2003 $	2002 $
16,000	Ordinary	£10	301,600	301,600

15. DIVIDEND EQUALISATION RESERVE

	2003 $	2002 $
Brought forward	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, 2003 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

	2003 $	2002 $
Profit the financial year	20,841	719,046
Net addition to shareholders' funds	20,841	719,046
Opening shareholders' funds	3,300,178	2,581,132
Closing shareholders' funds	3,321,019	3,300,178
Equity Interests	3,321,019	3,300,178

THE GREATSHIP (SINGAPORE) PTE LTD.

(Incorporated in Singapore)
A Subsidiary Company

Board of Directors	Vesuna Khushru Jamshedji Narware Pradyumna Raghunath Jaya Prakash
Company Secretary	Cheng Lian Siang
Registered Office	55 Market Street #08–03A Sinsov Building Singapore 048941
Auditors	Shanker Iyer & Co.

Directors' Report

The Directors present their report to the member together with the audited financial statements of the Company for the financial year ended 31 March, 2003.

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$
Loss after taxation	(37,461)
Retained profits brought forward	329,716
	292,255
20% dividend less tax of 22% paid during the year	(78,000)
Retained profits carried forward	214,255

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 any interest 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 item as depreciation 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' Interests 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 Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50.

Dividends

The Directors do not recommend any dividend to be paid in respect of the financial year ended 31 March, 2003.

A final dividend of 20% less tax at 22% amounting to S$78,000 was declared and paid on 3 July, 2002 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 that proper action had been taken in relation to the writing off of bad debts and 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.

Ability To Meet Obligations

No contingent or other liability has become enforceable 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 may substantially affect the ability of the Company to meet its obligations as and when they fall due.

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.

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 with 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 been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

Auditors

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

On behalf of the Board

Vesuna Khushru Jamshedji
Director

Naware Pradyumna Raghunath
Director

23 April, 2003

Statement By 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 31 March 2003 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.

The board of directors authorised these financial statements for issue on 23 April, 2003.

On behalf of the Board

Vesuna Khushru Jamshedji
Director

Naware Pradyumna Raghunath
Director

23 April, 2003

AUDITORS' REPORT TO THE MEMBER 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 2003 set out on pages 117 to 121 . 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 out 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 Singapore 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, 2003 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
23 April, 2003

Balance Sheet as at March 31, 2003.

	Note	2003	2002
		S$	S$
NON-CURRENT ASSETS			
Plant and equipment	3	4,630	10,424
CURRENT ASSETS			
Cash and cash equivalents		834,707	733,099
Trade receivables		6,767	11,378
Other receivables	4	18,651	16,398
Amount owing by holding company	5	13,894	155,240
		874,019	916,115
Less:			
CURRENT LIABILITIES			
Trade payables		41,399	24,842
Other payables	6	119,547	55,980
Provision for taxation		3,448	14,201
		164,394	95,023
NET CURRENT ASSETS		709,625	821,092
NON-CURRENT LIABILITY			
Deferred taxation	7	–	(1,800)
NET ASSETS		714,255	829,716
SHAREHOLDERS' EQUITY			
Share capital	8	500,000	500,000
Retained profits		214,255	329,716
Total Equity		714,255	829,716

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, 2003.

	Note	2003	2002
		S$	S$
REVENUES			
Agency income		77,275	105,525
Disbursement income		654,346	2,000,090
Interest income	9	3,434	11,202
Reversal of unutilised leave provision		5,652	–
Total revenues		740,707	2,116,817
COSTS AND EXPENSES			
Disbursement expenses		567,535	1,814,435
Depreciation of plant and equipment	3	8,951	7,790
Exchange loss/(gain)		9,100	(4,445)
Loss on write off of plant and equipment		318	–
Operating expenses		80,016	78,449
Staff costs		114,048	144,954
Total costs and expenses		779,968	2,041,183
(LOSS)/PROFIT BEFORE TAXATION	10	(39,261)	75,634
TAXATION	11	1,800	(7,401)
(LOSS)/PROFIT AFTER TAXATION		(37,461)	68,233

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

Statement of Changes in Shareholder's Equity for the year ended 31 March, 2003.

	Share Capital S$	Retained profits S$	Total S$
2003			
Balance as at 1 April 2002	500,000	329,716	829,716
Dividend of 20% less tax at 22%	–	(78,000)	(78,000)
Loss after taxation	–	(37,461)	(37,461)
Balance as at 31 March 2003	500,000	214,255	714,255
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

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, 2003.

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 2003 was 2 (2002 : 2).

2. Significant Accounting Policies

a) **Basis of accounting**
The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard ("SAS").

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

The Company has adopted all the applicable new or revised Singapore Statements of Accounting Standard ("SAS") which became effective during the financial year. The adoption of the new or revised SAS has resulted in some changes in the Company's accounting policies. However, none of these amendments have given rise to any adjustment to the opening balance of retained profits and current year results.

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

c) **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.

d) **Trade and other receivables**
Trade and other receivables are recognised and carried at original invoiced amount less any provision for uncollectible amounts.

A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is not longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

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

h) **Income recognition**
i) Agency income is recognised upon the discharge of agency services.

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

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

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

k) **Employee benefits**
Defined Contribution Plan

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

Employee leave entitlement

In accordance with SAS 17 (2000), employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made of the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

3. Plant and Equipment

	Computers	Furniture and Fittings	Renovation	Office Equipment	Total
	S$	S$	S$	S$	S$
2003					
Cost					
At 1 April 2002	9,140	8,388	13,770	10,429	41,727
Additions	2,583	524	–	368	3,475
Write off	(2,319)	(320)	–	(2,523)	(5,162)
At 31 March 2003	9,404	8,592	13,770	8,274	40,040
Accumulated depreciation					
At 1 April 2002	6,186	8,235	8,415	8,467	31,303
Charge for the year	3,342	201	4,590	818	8,951
Write off	(2,319)	(320)	–	(2,205)	(4,844)
At 31 March 2002	7,209	8,116	13,005	7,080	35,410
Net Book Value					
At 31 March 2003	2,195	476	765	1,194	4,630
2002					
Cost					
At 1 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

4. Other Receivables

	2003 S$	2002 S$
Other debtor	451	–
Deposits	16,000	15,000
Prepayments	2,200	1,398
	18,651	16,398

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 Payable

	2003 S$	2002 S$
Accruals	38,990	55,980
Advances received	80,557	–
	119,547	55,980

7. Deferred Taxation

	2003 S$	2002 S$
Balance at beginning of the financial year	1,800	3,234
Transfer to income statement (Note 11)	(1,800)	(1,434)
Balance at end of the financial year	–	1,800
The above balance comprises of the following :		
Capital allowances over book depreciation	–	800
Unrealised foreign exchange differences	–	1,000
	–	1,800

8. Share Capital

	2003 S$	2002 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

	2003 S$	2002 S$
Bank interest	979	4,766
Fixed deposit interest	2,455	6,436
	3,434	11,202

10. (Loss)/Profit Before Taxation

	2003 S$	2002 S$
(Loss)/Profit before taxation is arrived at after charging :		
Auditors' remuneration	7,500	7,500
Directors' fee	3,500	3,500
Office rental-operating lease	30,000	30,000

11. Taxation

	2003 S$	2002 S$
Current year's provision	–	10,000
Overprovision in prior years	–	(1,165)
Deferred tax written back – Note 7	(1,800)	(1,434)
	(1,800)	7,401

The reconciliation between tax expense and the accounting profit multiplied by the applicable tax rates are as follows :

	2003 S$	2002 S$
Accounting (loss)/profit	(39,261)	75,634
Income tax expense (benefit) at applicable rate	(3,769)	7,770
Non allowable items	1,962	1,864
Timing differences	1,409	–
Over provision in prior years	–	(1,165)
Deferred tax written back	(1,800)	(1,434)
Tax benefit from unabsorbed losses not recognised	398	–
Others	–	366
	(1,800)	7,401

In view of the loss for the financial year, no provision for taxation is required. The Company has unabsorbed tax losses of approximately S$7,000 (2002: Nil) available for offsetting against future taxable income of the Company subject to there being no substantial change in the shareholders of the Company and their shareholdings within the meaning of Section 37 of the Singapore Income Tax Act and agreement by the Inland Revenue Authority of Singapore.

Future tax benefits arising from tax losses have not been recognised since there is no reasonable certainty of their recovery in future years.

12. Significant Related Party Transactions

During the financial year, the Company had transactions with its holding company in respect of the following :

	2003 S$	2002 S$
Agency fees billed to holding company	54,000	101,500
Disbursement income billed to holding company	557,562	1,904,047

13. Lease Commitments

As at 31 March 2003, the Company had the following minimum lease payments under an operating lease :

	2003 S$	2002 S$
Due within one year	8,750	30,000
Due within two to five years	–	8,750
	8,750	38,750

14. Financial Risk Management Objectives and Policies

Liquidity risk
Liquidity risk arises when difficulty is encountered in raising funds to meet commitments associated with financial instruments.
The Company has no liquidity risk.

Foreign currency risk
Foreign currency risk arises from potential changes in foreign exchange rates that have an adverse effect on the Company in the current reporting year or in future years.

The majority of the Company's transactions are denominated in matching foreign currency, therefore there is a certain amount of natural hedge. The Company does not use any hedging instruments to protect against the volatility associated with the foreign currency transactions.

Credit risk
Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Company's policy to provide credit terms to the customers. These debts are continually monitored and provisions are made for potential losses on credit extended.

The carrying amount of trade and other receivables represent the Company's maximum exposure to credit risk. Majority of trade transactions are with the holding company and the credit risk on these transactions are considered minimum.

Interest rate risk
Interest rate risk arises from potential changes in interest rates that may have an adverse effect on the Company in the current reporting year or in future years.

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

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

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

15. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.

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 FCA Registered Auditor The Galleries Charters Road Sunningdale Berkshire U.K.
Bankers	HSBC Bank Middle East Fujairah U.A.E. ABN–AMRO Bank Dubai U.A.E.

Report of the Directors for the year ended 31st march, 2003

The directors present their report with the financial statements of the company for the year ended 31 March, 2003.

Principal Activity

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, 2003.

Directors

The directors during the year under review were :

S.J. Mulji

V.K. Sheth

The directors holding office at 31 March, 2003 did not hold any beneficial interest in the issued share capital of the Company at 1 April, 2002 or 31 March, 2003.

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 auditor, G R Atkinson FCA, will be proposed for re-appointment.

ON BEHALF OF THE BOARD

S.J. Mulji – DIRECTOR

Dated : 21 April, 2003

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, 2003 on pages 125to 127. 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 123 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 policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March, 2003 and of its loss for the year then ended.

G R Atkinson FCA

Registered Auditor
The Galleries
Charters Road
Sunningdale
Berkshire
U.K.

Dated : 21 April, 2003

Profit and Loss Account for the year ended 31 March, 2003.

	Notes	2003 $	2002 $
Turnover		1,278,965	4,937,328
Cost of sales		1,709,636	4,443,968
Gross (Loss)/Profit		(430,671)	493,360
Administrative Expenses		20,421	24,412
Operating (Loss)/Profit	2	(451,092)	468,948
Interest receivable and similar income		540	7,700
		(450,552)	476,648
Interest Payable and Similar Charges	3	14,000	147,767
(Loss)/Profit On Ordinary Activities Before Taxation		(464,552)	328,881
Tax on (Loss)/Profit on Ordinary Activities		–	–
(Loss)/Profit For The Finacial Year After Taxation		(464,552)	328,881
Retained Profit Brought Forward		340,149	11,268
(Deficit)/Retained Profit Carried Forward		$(124,403)	$340,149

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

Balance Sheet as at 31 March, 2003.

	Notes	2003 $	2003 $	2002 $	2002 $
Fixed Assets					
Tangible assets	4		–		1,836,412
Current Assets					
Debtors	5	227,573		794,625	
Cash at Bank		103,976		105,090	
		331,549		899,715	
Creditors					
Amounts falling due within one year	6	305,952		795,978	
Net Current (Liabilities)/Assets			25,597		103,737
Total Assets Less Current Liabilities			25,597		1,940,149
Creditors					
Amounts falling due after more than one year	7		–		1,450,000
			$25,597		$490,149
Capital And Reserves					
Called up share capital	8		150,000		150,000
Profit and loss account			(124,403)		340,149
Shareholders' Funds	11		$25,597		$490,149

ON BEHALF OF THE BOARD

S.J. Mulji – DIRECTOR

Approved by the Board on 21 April, 2003

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003.

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 and profits on sales of ships.

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.

Leased ships – Straight line over 5 years

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 capital 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 (LOSS)/PROFIT

The operating loss (2002 – operating profit) is stated after charging :

	2003 $	2002 $
Depreciation – owned assets	–	44,721
Depreciation – assets on hire purchase contracts or finance leases	65,133	156,320
Auditors' remuneration	7,500	10,000
Directors' emoluments	–	–

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 $	2002 $
Interest on group undertakings	–	52,767
Lease finance charges	14,000	95,000
	14,000	147,767

4. TANGIBLE FIXED ASSETS

	Leased Ships $
COST	
At 1 April 2002	2,230,000
Disposals	(2,230,000)
At 31 March 2003	–
DEPRECIATION :	
At 1 April 2002	393,588
Charge for year	65,133
Eliminated on disposals	(458,721)
At 31 March 2003	–
NET BOOK VALUE :	
At 31 March 2003	–
At 31 March 2002	1,836,412

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

COST	
At 1 April 2002	2,230,000
Disposals	(2,230,000)
At 31 March 2003	–
DEPRECIATION :	
At 1 April 2002	393,588
Charge for year	65,133
Eliminated on disposals	(458,721)
At 31 March 2003	–
NET BOOK VALUE :	
At 31 March 2003	–
At 31 March 2002	1,836,412

5. DEBTORS

	2003 $	2002 $
Amounts falling due within one year :		
Prepayments	–	498,187
Balance owing from group companies on loan and trading accounts	227,573	–
	227,573	498,187
Amounts falling due after more than one year :		
Prepayments and deferred expenditure	–	296,438
	–	296,438
Aggregate amounts	227,573	794,625

6. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 $	2002 $
Balance owing to group companies on loan and trading accounts	–	323,309
Other creditors	–	55,982
Loans from parent Company	224,859	–
Deferred income	–	279,312
Accrued expenses	81,093	137,375
	305,952	795,978

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

	2003 $	2002 $
Loans from parent Company	–	1,450,000

8. CALLED UP SHARE CAPITAL

Authorised :

Number	Class	Nominal Value	2003 $	2002 $
500,000	Ordinary	$1	500,000	500,000

Allotted, issued and fully paid :

Number	Class	Nominal Value	2003 $	2002 $
150,000	Ordinary	$1	150,000	150,000

9. ULTIMATE PARENT COMPANY

The ultimate parent company is The Great Eastern Shipping Company Limited, 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

	2003 $	2002 $
(Loss)/Profit for the financial year	(464,552)	328,881
Net (reduction)/addition to shareholders' funds	(464,552)	328,881
Opening shareholders' funds	490,149	161,268
Closing shareholders' funds	25,597	490,149
Equity interest	25,597	490,149

THE GREAT EASTERN INVESTMENTS LTD.

A Subsidiary Company

Directors	Vijay K. Sheth Bharat K. Sheth P.R. Naware Balan Wasudeo
Registered Office	Ocean House 134/A, Dr. Annie Besant Road, Worli, Mumbai – 400 018
Registered Number	U 65993 MH 2002 PLC 135924
Auditors	Kalyaniwalla & Mistry Chartered Accountants Kalpataru Heritage 127, Mahatma Gandhi Road, Mumbai – 400 023

DIRECTORS' REPORT

Director's Report to the Shareholders,

Your Directors have pleasure in presenting the First Report, for the period ended March 31, 2003.

FINANCIAL RESULTS :

Your Company was incorporated on May 17, 2002 as a wholly owned subsidary of The Great Eastern Shipping Compay Ltd. (GE Shipping). Your Company up to March 31, 2003 has made a profit of Rs. 4,24,402.

DIVIDEND :

The Directors do not recommend any dividend for the year under review.

CURRENT YEAR :

Company was formed as a Special Purpose Vehicle (SPV) for investment in Shipping Corporation of India Ltd., under the disinvestment process of the Government of India. Since GE Shipping withdrew from the disinvestment process your Directors have decided to wind up the Company.

DIRECTORS

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

NBFC REGISTRATION

The Company had made an application to Reserve Bank of India for registration as Non-Banking Finance Company. However the Board of Directors later decided not to pursue the objects of investment in shares/securities or any other activity as that of a Non-Banking Finance Company and therefore withdrew the application

AUDITOR

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

PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS RESPONSIBILITY STATEMENT :

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

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.

FOREIGN EXCHANGE

There was no :

(a) Foreign exchange earning

(b) Foreign exchange expenditure

during the period under review.

For and on behalf of the Board

P.R. Naware	**Balan Wasudeo**
Director	Director

Dated : April 29, 2003

Auditor's Report

Report of the Auditors to the Members of Great Eastern Investments Limited

1. We have audited the attached Balance Sheet of The Great Eastern Investments Limited, as at March 31, 2003 and also the Profit and Loss Account of the Company for the period from May 17, 2002 to March 31, 2003 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' 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 matters 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 the 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 Profit and Loss Account comply with Accounting Standards referred to sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
   (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, 2003; and
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date.
5. On the basis of written representations received from the Directors as on March 31, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2003, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No. 32083

Mumbai, April 29, 2003.

Annexure To The Auditor's Report

Referred to in Paragraph 3 of our report of even date on the accounts for the year ended March 31, 2003 of The Great Eastern Investments Limited.

1. 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 or from companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
2. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
3. The Company has not given any loans, or advances in the nature of loans, to any parties.
4. In our opinion, and according to the information and explanations given to us, the Company has not entered into any transactions for the purchase of goods and materials and sale of goods and materials and services with companies, firms and other parties listed 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
5. The Company has not accepted any deposits from the public.
6. The Company did not have an internal audit during the year.
7. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
8. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty outstanding as at the year end, for a period of more than six months from the date they became payable.
9. 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.
10. 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.
11. None of the matters contained in clauses (i), (ii), (iii), (iv), (v), (vi), (x), (xii), (xiv) and (xvii) of para 4(A) and clauses (ii), (iii) and (iv) of para 4(D) of the said Order are applicable to the Company.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No. 32083

Mumbai, April 29, 2003.

BALANCE SHEET AS AT MARCH 31, 2003.

	Schedule	Rs.
SOURCES OF FUNDS :		
Shareholders' Funds :		
Capital	1	2,00,00,000
Reserves and Surplus	2	4,24,402
TOTAL		2,04,24,402
APPLICATION OF FUNDS :		
Current Assets, Loans and Advances		
Cash and Bank Balances	3	2,06,28,948
Loans and Advances	4	4,55,994
		2,10,84,942
Less : Current Liabilities and Provisions		
Current Liabilities	5	2,85,590
Provisions	6	3,74,950
		6,60,540
Net Current Assets		2,04,24,402
TOTAL		2,04,24,402
Notes on Accounts	7	

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2003.

For and on behalf of the Board

P.R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2003.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MAY 17, 2002 TO MARCH 31, 2003.

	Schedule	Rs.	Rs.
INCOME :			
Interest on Fixed Deposits			10,84,942
			10,84,942
EXPENDITURE :			
Auditors' Remuneration :			
– Audit Fees		1,575	
– Certification fees		7,875	
			9,450
Preliminary Expenses written off			2,76,140
			2,85,590
Profit before tax			7,99,352
Less : Provision for Tax			3,74,950
Profit for the period after tax			4,24,402
Notes on Accounts	7		

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2003.

For and on behalf of the Board

P.R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2003.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2003.

SCHEDULE "1" :

	Rs.
SHARE CAPITAL :	
AUTHORISED :	
20,00,000 Equity Shares of Rs. 10 each	2,00,00,000
ISSUED, SUBSCRIBED & PAID UP :	
20,00,000 Equity Shares of Rs. 10 each fully paid up	2,00,00,000
	2,00,00,000

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

SCHEDULE "2" :

	Rs.
RESERVES AND SURPLUS :	
Profit and Loss Account	4,24,402
	4,24,402

SCHEDULE "3" :

	Rs.
CASH AND BANK BALANCES :	
– On current account	6,28,948
– On deposit account	2,00,00,000
	2,06,28,948

SCHEDULE "4" :

	Rs.
LOANS AND ADVANCES :	
(Unsecured – considered good unless otherwise stated)	
Interest Accrued but not due	73,156
Advance tax & taxes deducted at source	3,82,838
	4,55,994

SCHEDULE "5" :

	Rs.
CURRENT LIABILITIES :	
Sundry creditors	2,85,590
	2,85,590

SCHEDULE "6" :

	Rs.
PROVISIONS :	
Provision for Taxation	3,74,950
	3,74,950

SCHEDULE "7" :

NOTES ON ACCOUNTS :

1. **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) **Provision for taxation :**

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

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

2. **INCOME TAX :**

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

3. The financial statements are for the period from the date of incorporation viz. May 17, 2002 to March 31, 2003. This being the first financial statements, previous year figures are not applicable.

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

GREATSHIP (INDIA) LTD.

A Subsidiary Company

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

Directors' Report

Director's Report to the Shareholders,

Your Directors have pleasure in presenting the First Report, for the period ended March 31, 2003.

FINANCIAL RESULTS:

Your Company was incorporated on June 26, 2002 as a wholly owned subsidary of The Great Eastern Shipping Compay Ltd. (GE Shipping). Your Company up to March 31, 2003 has incurred a loss of Rs. 1,575.

DIVIDEND :

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

CURRENT YEAR :

Company was formed as a Special Purpose Vehicle (SPV) for investment in Shipping Corporation of India Ltd., under the disinvestment process of the Government of India. Since GE Shipping withdrew from the disinvestment process your Directors have decided to wind up the Company.

DIRECTORS

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

AUDITOR

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

PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT: –

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

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.

FOREIGN EXCHANGE

There was no :

(a) Foreign exchange earning

(b) Foreign exchange expenditure

during the period under review.

APPRECIATION

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

For and on behalf of the Board

P.R. Naware Director

Balan Wasudeo Director

Dated : April 29, 2003

Auditor's Report

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

1. We have audited the attached Balance Sheet of Greatship (India) Limited, as at March 31, 2003 and also the Profit and Loss Account of the Company for the period from June 26, 2002 to March 31, 2003 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' 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 matters 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 the 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 Profit and Loss Account comply with Accounting Standards referred to sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
   (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, 2003; and
      ii) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date.
5. On the basis of written representations received from the Directors as on March 31, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2003, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No. 32083

Mumbai, April 29, 2003.

Annexure To The Auditor's Report

Referred to in Paragraph 3 of our report of even date on the accounts for the year ended March 31, 2003 of Greatship (India) Limited.

1. 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 or from companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
2. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
3. The Company has not given any loans, or advances in the nature of loans, to any parties.
4. In our opinion, and according to the information and explanations given to us, the Company has not entered into any transactions for the purchase of goods and materials and sale of goods and materials and services with companies, firms and other parties listed 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.
5. The Company has not accepted any deposits from the public.
6. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
7. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty outstanding as at the year end, for a period of more than six months from the date they became payable.
8. 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.
9. 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.
10. None of the matters contained in clauses (i), (ii), (iii), (iv), (v), (vi), (x), (xii), (xiv), (xv) and (xvii) of para 4(A) of the said Order are applicable to the Company.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No. 32083

Mumbai, April 29, 2003.

Balance Sheet as at March 31, 2003.

	Schedule	Rs.
SOURCES OF FUNDS :		
Shareholders' Funds :		
Capital	1	5,00,000
TOTAL		5,00,000
APPLICATION OF FUNDS :		
Current Assets, Loans and Advances :		
Cash and Bank Balances	2	5,00,000
		5,00,000
Less : Current Liabilities and Provisions		
Current Liabilities	3	1,575
		1,575
Net Current Assets		4,98,425
Profit and Loss Account		1,575
TOTAL		5,00,000
Notes on Accounts	4	

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

As per our Report attached here to

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2003.

For and on behalf of the Board

P.R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2003.

Profit and Loss Account for the period June 26, 2002 to March 31, 2003.

	Schedule	Rs.	Rs.
INCOME :			
Sundry Creditors balance written back			58,688
			58,688
EXPENDITURE :			
Auditors Remuneration :			
– Audit Fees		1,575	
– Certification Fees		7,875	
			9,450
Miscellaneous expenses			600
Preliminary expenses			50,213
			60,263
Loss for the period			1,575
Notes on Accounts	4		

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

As per our Report attached here to

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2003.

For and on behalf of the Board

P.R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2003.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2003.

SCHEDULE "1" :

SHARE CAPITAL :

	Rs.
AUTHORISED :	
50,000 Equity Shares of Rs. 10 each	5,00,000
ISSUED, SUBSCRIBED & PAID UP :	
50,000 Equity Shares of Rs. 10 each fully paid up	5,00,000
	5,00,000

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

SCHEDULE "2" :

CURRENT ASSETS, LOANS AND ADVANCES :

	Rs.
Cash and Bank balances :	
– On current account	5,00,000
	5,00,000

SCHEDULE "3" :

CURRENT LIABILITIES :

	Rs.
Sundry creditors	1,575
	1,575

SCHEDULE "4" :

NOTES ON ACCOUNTS :

1. **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.

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

3. The financial statements are for the period from the date of incorporation viz. June 26, 2002 to March 31, 2003. This being the first financial statements, previous year figures are not applicable.

Deep Water Services (India) Pvt. Ltd.

A Subsidiary Company

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

Directors' Report

Director's Report to the Shareholders

Your Directors have pleasure in presenting the First Report, for the period ended March 31, 2003.

FINANCIAL RESULTS :

Your Company was incorporated on August 2, 2002 as a wholly owned subsidary of The Great Eastern Shipping Compay Ltd. Your Company up to March 31, 2003 has incurred a loss of Rs. 49,217.

DIVIDEND :

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

OPERATIONS :

Your Directors are pleased to inform you that your Company has been awarded a contract for charter hire of a rig by ONGC. For this purpose your Company has chartered a drill barge "Badrinath" owned by The Great Eastern Shipping Company Ltd. The drill barge "Badrinath" will be deployed on contract during the financial year 2003–04, for a period of 3 years.

DIRECTORS

Mr. P.R. Naware retires by rotation and being eligible, offers himself for re-appointment.

Mr. Balan Wasudeo, Director was appointed as an additional Director at the Board of Directors meeting held on April 25, 2003. His appointment as additional Director will be upto the date of the Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 along with the deposit, proposing his appointment as director of the Company.

AUDITOR

M/s. Kalyaniwalla & Mistry, Chartered Accountants, retires as auditors of the Company and have given their consent for reappointment. The Shareholders will be required to elect auditors for the current year and fix their remuneration.

PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

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.

FOREIGN EXCHANGE

Foreign exchange earned during the period under consideration was NIL. Foreign exchange expenditure incurred during the year amounted to Rs. 9,77,128

For and on behalf of the Board

Vijay K. Sheth
Chairman

Dated : April 29, 2003

Auditor's Report

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

1. We have audited the attached Balance Sheet of Deep Water Services (India) Private Limited, as at March 31, 2003 and also the Profit and Loss Account of the Company for the period from August 2, 2002 to March 31, 2003 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' 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 matters 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 the 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 Profit and Loss Account comply with Accounting Standards referred to sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
   (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, 2003 and,
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date.
5. On the basis of written representations received from the Directors as on March 31, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2003, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No. 32083

Mumbai, April 29, 2003.

Annexure To The Auditors' Report

Referred to in Paragraph 3 of our report of even date on the accounts for the year ended March 31, 2003 of Deep Water Services (India) Private Limited.

1. In our opinion, the rate of interest and other terms and conditions of a loan taken from a company under the same management as defined under Section 370 (1B) of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
2. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
3. The Company has not given any loans or advances in the nature of loans, to any parties.
4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction for the purchase of goods and materials and sale of goods and materials and services with companies, firms and other parties listed 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.
5. The Company has not accepted any deposits from the public.
6. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
7. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty outstanding as at the year end, for a period of more than six months from the date they became payable.
8. 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.
9. 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.
10. None of the matters contained in clauses (i), (ii), (iii), (iv), (v), (vi), (x), (xii), (xiv), (xv) and (xvii) of para 4(A) and clauses (ii), (iii) and (iv) of para 4(B) of the said Order are applicable to the Company.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No. 32083

Mumbai, April 29, 2003.

BALANCE SHEET AS AT MARCH 31, 2003.

	Schedule	Rs.
SOURCES OF FUNDS :		
Shareholders' Funds :		
Capital	1	1,00,000
Loan Funds :		
Unsecured Loans	2	35,00,000
TOTAL		36,00,000
APPLICATION OF FUNDS :		
Current Assets, Loans and Advances :		
Cash and Bank Balances	3	1,69,355
Loans and Advances	4	85,23,215
		86,92,570
Less : Current Liabilities and Provisions :		
Current Liabilities	5	2,15,93,827
		2,15,93,827
Net Current Assets		(1,29,01,257)
Miscellaneous Expenditure (to the extent not written off or adjusted) :		
Preliminary Expenditure		35,900
Deferred Revenu Expenditure	6	1,64,16,140
		1,64,52,040
Profit and Loss Account		49,217
TOTAL		36,00,000
Notes on Accounts	7	

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2003.

For and on behalf of the Board

Vijay K. Sheth
Chairman

Pradyumna R. Naware
Director

Mumbai, April 29, 2003.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD AUGUST 2, 2002 TO MARCH 31, 2003.

	Schedule	Rs.
INCOME :		
Gain on Foreign Currency Fluctuations		4,168
		4,168
EXPENDITURE :		
Printing and Stationery		3,548
Bank Charges		31,258
Administration Expenses		1,100
Auditors' Remuneration :		
– Audit Fees		10,000
Interest on Loan		7,479
		53,385
Loss for the Period		49,217
Notes on Accounts	7	

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

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 29, 2003.

For and on behalf of the Board

Vijay K. Sheth
Chairman

Pradyumna R. Naware
Director

Mumbai, April 29, 2003.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2003.

SCHEDULE "1" :

SHARE CAPITAL :

	Rs.
AUTHORISED :	
50,000 Equity Shares of Rs. 10 each	5,00,000
ISSUED, SUBSCRIBED & PAID UP :	
10,000 Equity Shares of Rs. 10 each fully paid up	1,00,000
	1,00,000

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

SCHEDULE "2" :

UNSECURED LOANS :

	Rs.
Loan from The Great Eastern Shipping Co. Ltd., the holding company	35,00,000
	35,00,000

SCHEDULE "3" :

CASH AND BANK BALANCES :

	Rs.
Balance with a scheduled bank on current account	1,69,355
	1,69,355

SCHEDULE "4" :

LOANS AND ADVANCES :

	Rs.
(Unsecured – considered good unless otherwise stated)	
Advances recoverable in cash or in kind or for value to be received	67,62,010
Advance to agent on current account	17,61,205
	85,23,215

SCHEDULE "5" :

CURRENT LIABILITIES :

	Rs.
Sundry Creditors	43,44,659
Due to The Great Eastern Shipping Co. Ltd., the holding company	1,70,10,421
Interest accrued but not due	7,479
Other Liabilities	2,31,268
	2,15,93,827

SCHEDULE "6" :

DEFERRED REVENUE EXPENDITURE :

	Rs.
Expenditure on Refurbishment of Rig Badrinath :	
Agency charges	1,57,500
Bank charges	5,02,877
Charter hire paid for Tug	1,08,30,000
Fuel consumed	7,88,385
Insurance	30,87,000
Pilotage	9,28,363
Repairs and surveys	30,915
Tender fees	91,100
	1,64,16,140

SCHEDULE "7" :

NOTES ON ACCOUNTS :

1. **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) **Foreign Exchange Transactions :**
   (i) Transactions in foreign currency are recorded at the standard exchange rates determined monthly. The difference between the standard rate and the actual rate of settlement is dealt with in the profit and loss account, other than the exchange differences related to fixed assets.
   (ii) Receivables, balances in bank and payables denominated in foreign currency outstanding at the end of the year are translated at closing rates.

   (c) **Miscellaneous Expenditure :**
   (i) Preliminary expenses are being amortised over five years.
   (ii) Deferred revenue expenditure on refurbishment of Rig Badrinath are to be amortised over the period of the contract.

2. **Contingent Liabilities :**

   Bid / performance bond provided on behalf of the Company, aggregating to Rs.4,57,95,721, by The Great Eastern Shipping Co. Ltd., the holding company.

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

4. The financial statements are for the period from the date of incorporation viz. August 2, 2002 to March 31, 2003. These being the first financial statements, previous year figures are not given.