



*going places...
braving the tide...
on with its journey...
taking all in its stride.*



THE GREAT EASTERN SHIPPING COMPANY LIMITED

*O*n being presented with the following sections on the development of the Group, my thoughts go back to the early founding fathers.

Hard work, courage, continuing trading skills and acceptance of changing times have all played a role in bringing the Group to its present status. The new generations will, I have no doubt, pave their own way towards consolidating and diversifying in areas of their choice and what would be the country's needs. I would like to say that any diversification embarked upon will have a sense of commitment and one goal: "to be the best in the field".

The previous generation were known as 'sugar kings'. This generation produced the largest private sector shipping company in India. The generation to come, with such a rich heritage, is bound to look for excellence as the criterion for any work undertaken.

*Vasant J. Sheth
Chairman
(1975 - 1992)
The Great Eastern Shipping Company Ltd.*



વસંત જે શેઠ
VASANT J SHETH



Vasant J Sheth
2,61,167 dwt crude oil carrier
G E Shipping's first VLCC

BOARD OF DIRECTORS



Mr. K.M. Sheth
Executive Chairman



Mr. S.J. Mulji
Executive Dy. Chairman



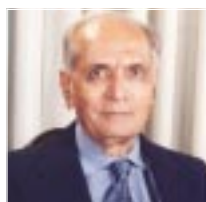
Mr. Vijay K. Sheth
Managing Director



Mr. Bharat K. Sheth
Managing Director



Mr. R.N. Sethna
Director



Mr. A.K. Parikh
Director



Ms. Asha V. Sheth
Director



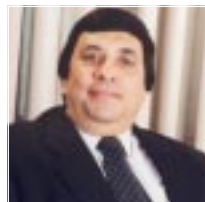
Mr. Manu Shroff
Director



Mr. T.N. Pandey
Director



Mr. Cyrus Guzder
Director



Mr. Keki Mistry
Director



Mr. Vineet Nayyar
Director
(March 24, 2004 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

Contents.....

Chairman's Statement.....	3
Directors' Report.....	5
Management Discussion and Analysis	7
Corporate Governance Report	17
Asset Profile	31
Financials	35
(a) Year at a Glance	36
(b) Financial Highlights	37
(c) 10 years at a glance	38
(d) Financial Statements	39
Consolidated Financial Statements	70
Subsidiaries	99

Chairman's Statement

Dear Shareholders,

I am pleased to announce that your Company has achieved its highest ever profits for the fourth year in a row. The financial year 2003-04 has been, to my memory, one of the most profitable ever for the shipping industry. It mattered little to the sector or the size of the business one operated in. Obviously some sectors performed better than others, but they all, almost without exception, provided handsome returns to their owners. Your Management, too, delivered a 19.1% return on average shareholders funds. The details of the business are covered in the Management Review section and hence I will not dwell on this here.

For your Company, financial year 2003-04 can best be described as a year of rapid expansion and I am pleased to announce that your Company recently received the "Certificate of Excellence" for being the fastest expanding shipping company in India for the year 2003 from The National Maritime Day Celebrations Committee . We began the year with

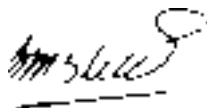
a fleet size aggregating 1.31 million dwt and ended with a fleet size aggregating 2.47 million dwt. This increase of a near doubling in capacity is the highest in your Company's history. In addition to the above, and with a commitment towards modernising the fleet, the Company has on order 6 tankers and 5 offshore vessels. This too, is the highest ever outstanding order book in the history of your Company.

Your Company's financial position remained very strong this year. As at the year end, your Company's debt equity ratio stood at 1.03 : 1 and the year end cash surplus represents 38% of your Company's long-term outstanding debt.

The outlook for 2004-05 remains positive with the demand side for shipping tonnage continuing to show strength. Owing to the already high levels prevailing in the freight markets your Company believes that its time for exercising prudence in determining further fleet expansion in the coming year and will continue to hedge a certain proportion of its freight income to ensure earning sustainability. Commensurate with its increase in fleet size, your Company continues to zealously protect its standing as a quality player globally and enforces strict adherence to all the new environmental and safety standards.

In my statement last year, I had reinforced your management's commitment on creating value for all the Company's stakeholders. Although financially, 2003-04 has vindicated our commitment, I do believe that our long term goal must be to maintain a certain momentum in achieving all the hallmarks seen in the most respected shipping companies worldwide. Our very business requires us to deal with customers from all parts of the globe and our ships are like Indian ambassadors in every port of call. It is my endeavour, along with the efforts of all our dedicated employees, both offshore and onshore, to keep the nation's interest afloat and to ensure that the "Great Eastern" flag represents Indian business at its very best.

Warm Regards



K.M. Sheth
Executive Chairman

Mumbai : April 30, 2004



On the occasion of

"National Maritime Day, 2004"

The National Maritime Day Celebrations Committee

awards this

"CERTIFICATE OF EXCELLENCE"

to

Great Eastern Shipping Co.


being

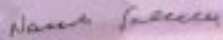
Fastest Expanding Indian Shipping Company

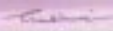
during the year 2003 ,

on

5th April 2004


Commander Rajiv K. Gupta
Member Secretary, NMDCC
Asst. Director General of Shipping


Naresh Salecha
Vice Chairman, NMDCC
Sr. Dy. Director General of Shipping


G.S. Sahni, IAS
Chairman, NMDCC
Director General of Shipping
Govt. of India



Directors' Report

Directors' Report

Dear Shareholders,

The Board of Directors have great pleasure in presenting the 56th Annual Report on the business and operations of your Company together with the Audited Accounts for the financial year ended March 31, 2004. You will be happy to note that your Company for the fourth year in succession achieved the highest ever profits.

FINANCIAL PERFORMANCE

	2003-04 (Rs. in lakhs)	2002-03 (Rs. in lakhs)
Total Income	142635	100715
Total Expenditure	93451	76140
Profit before tax	49184	24575
Less : Provision for Tax :		
– Current	2700	850
– Deferred	(263)	2074
	2437	2924
Profit for the year after tax	46747	21651
Add : Prior years Adjustments	366	1078
	47113	22729
Less : Transfer to Reserve under Section 33 AC of the Income Tax Act, 1961	24000	14500
	23113	8229
Add : Transfer from :		
– Investment Allowance Reserve	279	550
– Reserve under Section 33AC of the Income Tax Act, 1961	12500	16300
– Debenture Redemption Reserve	–	925
	12779	17775
	35892	26004
Add : Surplus brought forward from previous year	8116	15492
	44008	41496
Appropriations		
– Transfer to Debenture Redemption Reserve	2275	–
– Transfer to Capital Redemption Reserve	–	10726
– Transfer to Exchange Fluctuation Reserve	2500	–
– Transfer to General Reserve	15000	13100
– Interim Dividend on Preference Shares	788	966
– Interim Dividend on Equity Shares	4758	–
– Proposed Dividend on Equity Shares	7613	7613
– Tax on Dividend	1686	975
	34620	33380
Balance Carried Forward	9388	8116

The total income for the year was recorded at Rs.142635 lakhs as against Rs.100715 lakhs in the previous year and a Net Profit of Rs.46747 lakhs as against Rs.21651 lakhs in the previous year. The Shipping Division contributed around 71% (previous year 72%) to the Company's revenues while the Offshore Division contributed around 23% (previous year 25%).

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. 788 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 SHARES

During the year, the Board declared and paid an interim dividend of Rs.2.50 per share on 19,03,27,015 equity shares

(Preference Shares). Accordingly, 5,50,00,000 Preference Shares shall be redeemed on July 21, 2004 and 2,00,00,000 Preference Shares shall be redeemed on August 13, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

SHIPPING DIVISION

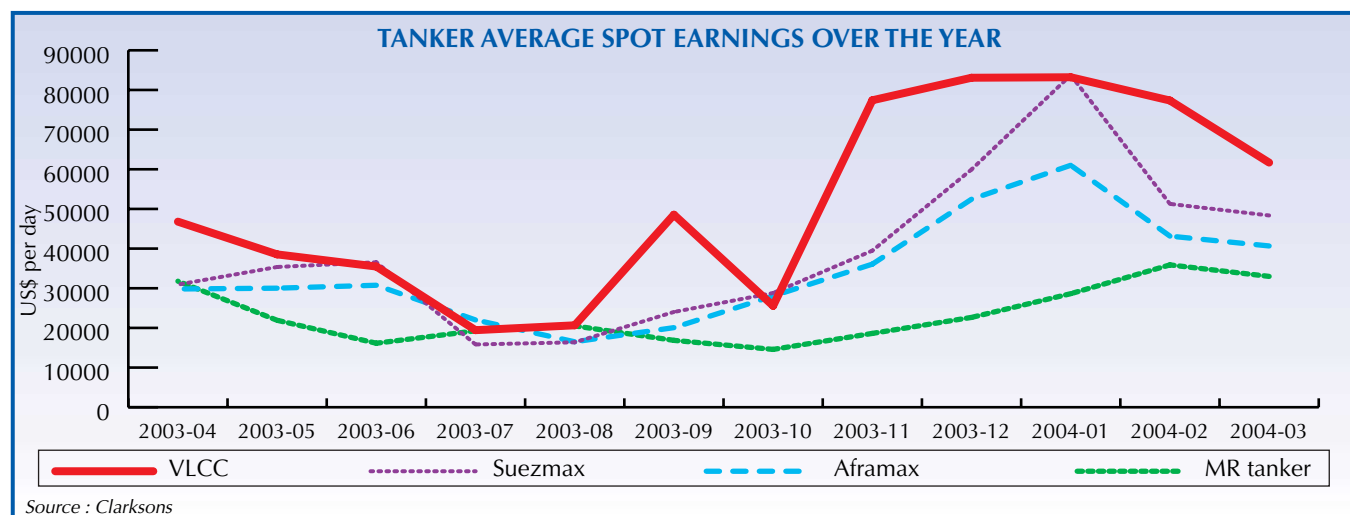
In FY 2003-04, the Shipping Division recorded a total income of Rs.101385 lakhs (Previous year Rs.70813 lakhs) and earned a PBIDT of Rs.55009 lakhs (previous year Rs.34424 lakhs).

TANKER BUSINESS

MARKET TREND AND ANALYSIS

The roller-coaster ride that characterized the tanker market in recent years continued through the financial year 2003-04.

The strong tanker markets in the initial part of the year



(share) of the Company amounting to Rs.4758 lakhs. The year under review has been an exceptionally profitable year and your Directors recommend a final dividend of Rs.4/- per share for the FY 2003-04 (previous year Rs.4/- per share) amounting to Rs.7613 lakhs. The final dividend will be paid after your approval at the ensuing Annual General Meeting. The aggregate outflow on account of the equity dividend for the year would be Rs.13956 lakhs including tax on dividend. This represents a payout ratio of 30.20% (previous year around 39.50%).

CAPITAL STRUCTURE

PREFERENCE CAPITAL

Considering the current low interest cost scenario the Company has exercised the call option available to it for the early redemption of the 7,50,00,000, 10.5% Non Convertible Redeemable Preference Shares of Rs.10/- each

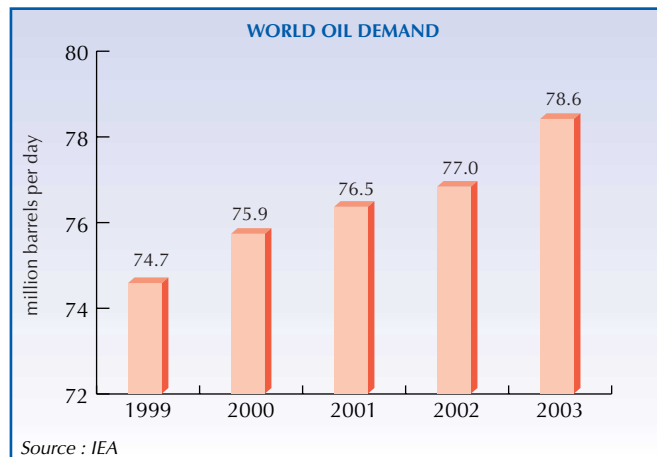
were driven by short-term factors like oil supply disruptions from Iraq and unrest in Nigeria.

After the effect of these factors wore off, the freight rates experienced their seasonal weakness in the summer months. However, towards the end of the first half, the improving fundamentals started impacting the tanker markets. The economic rebound of major economies gave rise to increased global oil demand, and the continued absence of Iraqi oil from Ceyhan resulted in further demand for middle-Eastern oil. This helped increase tonne-mile demand. In addition, the now common weather delays in the Bosphorus Straits tied up substantial tanker tonnage, accentuating an already tight supply position.

Low global crude oil inventories combined with increased demand, especially from the US, gave a further boost to

the crude tanker market in the winter, resulting in a spike in tanker spot earnings during January 2004.

However, after this strong start in January, tanker spot rates dropped somewhat towards the end of March due to seasonal factors such as refinery maintenance and easing of delays in Bosphorus/Black Sea regions.



The level of growth in oil demand during the year took most industry analysts by surprise, with the forecast for the year being revised several times, from 1.04 million barrels per day (b/d) to a final actual figure of 1.6 million b/d. This represented a growth of about 2.1% from the 2002 level, well above the gains in each of the previous three years.

The average OPEC oil production in 2003 totalled about 27.1 million b/d, up by 1.4 million b/d compared to 2002.

Currently, OPEC oil production, including Iraq, is estimated to be close to 28.1 million b/d, substantially above its quota and the year ago level, as its members do not appear to have implemented the oil production cut effective November 1, 2003 given the tight oil markets and high oil prices.

However, OPEC oil producers recently announced their commitment to comply with their current oil production quotas (against a current overproduction of more than 1 million b/d), and to reduce them by 1.0 million b/d, to 23.5 million b/d (excluding Iraq), beginning April 1, 2004. This decision was taken in order to support oil prices during the expected seasonal drop in demand for oil in the second quarter.

REGULATORY DEVELOPMENTS

In 2003, the International Maritime Organisation (IMO) adopted a number of revised regulations, which will have the effect of speeding up the phase-out of single-hulled tankers. Under these, all tankers above 15 years of age must pass a CAS survey, and no single-hulled tanker can carry heavy grade oils. All single-hulled tankers will have

to be phased out by 2010. However, flag states can permit single-hulled tankers to operate upto 2015 or the age of 25, whichever is earlier.

Tankers with only double sides or double bottom will be permitted to operate until 25 years of age, subject to their passing the CAS survey.

Director-General of Shipping:

The Director-General of Shipping of India has notified that with effect from April 1, 2004, crude oil and product tankers above the age of 25 years will not be allowed to ply on international voyages to or from any Indian port. Further, all tankers above 20 years of age will be required to have a minimum CAP (Condition Assessment Programme) 2 rating.

COMPANY PERFORMANCE

The tanker business accounted for around 80% of the division's revenues and operating profits.

In FY 2003-04, crude carriers earned an average TCY of \$25,607/day (Previous year \$22,652/day), while the product carriers earned an average TCY of \$13,026/day (Previous year \$12,177/day). The improved crude earnings were due to the increased number of vessels being on the spot market during the strong winter months. The improved product earnings were mainly on account of period charters being renewed at higher levels, thanks to firm spot markets. Your Company's sole LPG carrier completed the 3-year charter during the year, and was renewed at a slightly lower rate. Her average TCY over the year was \$16,975/day (Previous year \$17,246/day).

A large part of the improvement in operating results was due to the increase of about 40% in operating days which was caused by the addition of several vessels to your Company's fleet.

Around 61% of the total tanker earnings was derived from period charters. With this proportion of the tankers fixed on period charters, and the markets being buoyant, the TCYs earned by your Company were somewhat less than the spot earnings. However, this was part of the conscious decision by the management to de-risk the earnings.

TANKER FLEET CHANGES

Your Company's tanker fleet more than doubled in size during the financial year 2003-04, from 1 million DWT to 2.19 million DWT.

Apart from the newbuilding tankers contracted earlier and delivered during the year, all the acquisitions were single-

Note: CAS = Condition Assessment Scheme, which assesses the vessel's maintenance standard and seaworthiness

hulled. This was because the management team of the Division saw a clear mismatch between the prices of these vessels and their economic value, and capitalised on the same. This has been borne out by their subsequent performance during the year under advisement.

During the year, your Company ventured into the Very Large Crude Carrier (VLCC) sector for the first time, acquiring a 1990-built single hull vessel in the third quarter. This vessel was named the 'Vasant J Sheth' in memory of your Company's founder-Director.

Your Company also acquired five single hull Aframax tankers ('Jag Leena', 'Jag Lamha', 'Jag Laila', 'Jag Leher', and 'Jag Larjish') between July and December 2003.

The purchase of a single hull Panamax tanker, 'Jag Anjali' in April 2003 and a single hull Suezmax tanker 'Jag Lakshya' in December 2003 also augmented the tanker fleet.

Besides the above, your Company took delivery of three newly-built double hull tankers, the MR product tanker 'Jag Pankhi' (in May 2003) and two Aframax tankers, 'Jag Lata' (in May 2003) and 'Jag Lavanya' (in January 2004). The contracts for purchase of these tankers had been entered into in previous financial years.

Your Company also sold one double hull MR product tanker 'Jag Priya' in September 2003.

During FY 2003-04, your Company placed orders for one Suezmax crude tanker due for delivery in the third quarter of 2005, and two MR product tankers (both to be delivered in the first half of 2007). In April 2004 (FY 2004-05), one

more MR product tanker was ordered. This vessel is due to be delivered in the third quarter of 2007.

The current tanker fleet of your Company stands at 29 tankers aggregating 2.19 million DWT, with an average age of 13.2 years. 30% of this fleet is double-hulled. The world tanker fleet has an average age of 14.3 years, and 48% of it is double-hulled.

OUTLOOK FOR THE TANKER MARKET

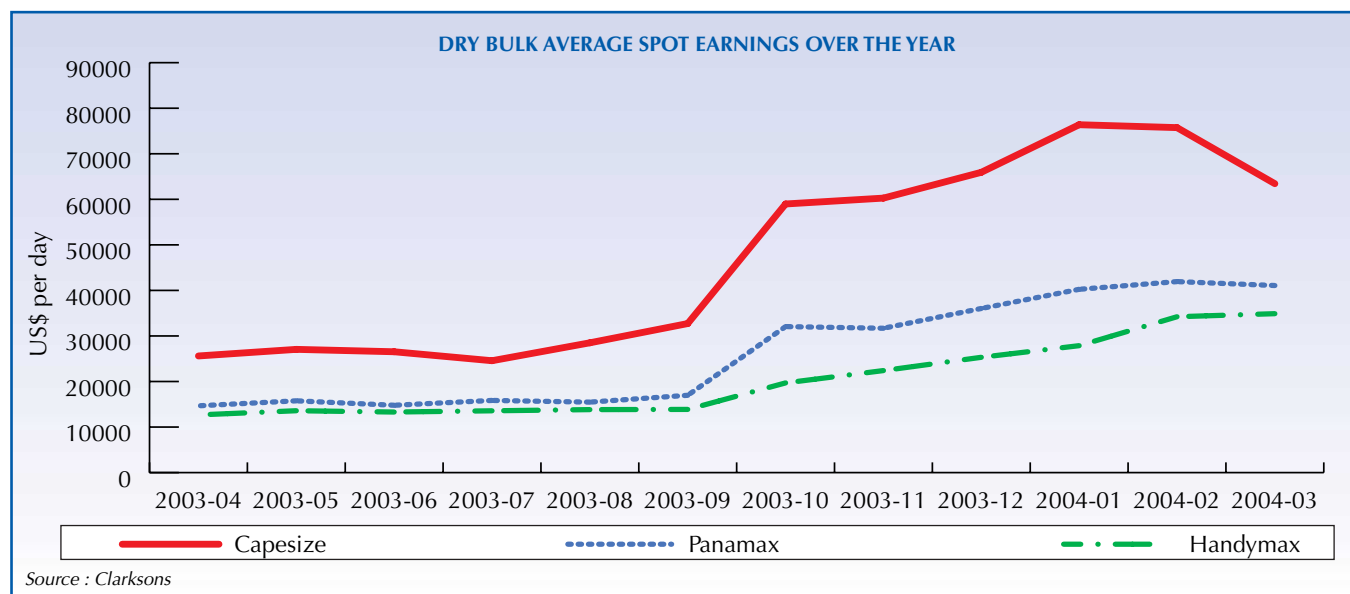
World oil demand is expected to increase by about 1.7 million b/d (or about 2.1%) in 2004. This increase is expected to be driven by increased world economic activity especially in the United States, Latin America, China and Southeast Asia, a tight U.S. natural gas market, and the decline of the U.S. dollar that makes oil purchases in local currencies less expensive.

The global tanker orderbook currently stands at about 81 million DWT, or 26% of the fleet at the end of March 2004. Of this, approximately 21 million DWT, or 7% of current fleet, is due for delivery in 2004. However, we expect that tonnage accretion net of scrapping will be in the region of about 4%, and this will be balanced out by the increased demand of about 3-4% for tankers. Therefore, the fundamental outlook for the tanker market appears to be positive.

DRY BULK BUSINESS

MARKET TREND AND ANALYSIS

By any standards, FY 2003-04 turned out to be an extraordinary year for dry bulk shipping. The Baltic Dry Index (BDI), which is generally used as a measure of the health of



the dry-bulk markets, stood at 1943 at the beginning of financial year 2003-04. This increased steadily over the first half of the year, and stood at 2379 on 15th September, 2003. Thereafter, it was launched into a new orbit, nearly doubling within the next 45 days, before consolidating at the higher levels over the next few months. As on 31st March, 2004, it stood at 4822, an increase of almost 150% over the year, after touching a high of 5681 in early February 2004.

The lion's share of the momentum was provided by China, which registered a GDP growth of over 9% in 2003, led by a 17% rise in its industrial production.

China's booming steel demand (up 21% between 2002 and 2003) pushed iron ore production and export facilities all over the world to the limit.

The coal trades, and in particular the thermal coal trades, added to the dry bulk rally. A spate of serious accidents in Chinese mines resulted in a cutback of production, at a time when China was already facing strong domestic energy demand. At the same time, an exceptionally hot summer was cooking much of Europe. In addition, America began to increase coal imports, as its own economic recovery began to take hold.

With China's economic development acting as a powerful support to the entire Asian region, even Japan moved to positive growth.

As a result of the sudden jump in movement, port capacity was unable to keep up with the traffic, and port congestion tied up between 5 and 10% of the dry bulk fleet, giving a further spike to the earnings.

Severely curtailed demolition activity (despite a sharp rise in scrap prices to as high as \$400/ldt), resulted in deletions of around 3.1 million DWT. This represents an exceptionally low proportion of only around 1% of the fleet. It was, of course, a direct reflection not only of the very buoyant market, but also of the ever-increasing willingness by more charterers to utilise tonnage in excess of 25 years old.

COMPANY PERFORMANCE

The global dry bulk fleet contributed around 20% of the division's revenues and operating profits. Despite their high average age, your Company's dry bulk vessels enjoyed much-improved earnings. The average TCY for dry bulk vessels was \$10,461/day as compared to \$5,998/day in the previous year.

Your Company sold one Handymax bulk carrier 'Jag Raksha' in July 2003 and one mini-bulk carrier 'GE 4' in March 2004. Your Company has entered into agreements to buy two Handymax bulk carriers, and

both these vessels are to be delivered to the Company in May 2004.

The current dry bulk fleet stands at 8 vessels aggregating 0.27 million DWT. With the two additions in May 2004, it would move to 10 vessels aggregating 0.34 million DWT.

OUTLOOK FOR THE DRY BULK MARKET

The dry bulk vessel orderbook stands at about 51 million DWT, or about 17% of the existing fleet at the end of March 2004. Of this, approximately 14 million DWT (or about 5%) is due for delivery in 2004.

With the world economy projected to grow by 3-4% in 2004, and the Chinese economy forecast to grow at only slightly below its growth rate of 2003, demand for movement of dry bulk commodities is expected to be strong. Therefore, dry bulk markets are expected to be at healthy levels, though possibly not at the exceptionally high levels seen in early 2004.

ASSET VALUES

Another notable occurrence during the year was the sharp increase in asset values. This was caused by a return of optimism to the shipping markets. This was driven mainly by the buoyant demand for commodities, which drove freight rates higher. It also helped that interest rates were at 40-year lows, making the purchase of tonnage less expensive. With owners chasing tonnage, prices of both second-hand and newbuilding vessels moved higher in the second half of the year. Newbuilding prices moved up between 30 and 40%, and prices of second-hand vessels moved up by anything between 50 and 200% over the year.

As a result of the above, the value of your Company's fleet has gone up substantially over the year. There is also a significant unrealised gain in the total value of the outstanding newbuilding contracts.

RISKS AND CONCERNS OF THE SHIPPING DIVISION

Market risk: Freight markets have traditionally been very volatile, with dramatic swings seen over even short periods. Any such movement would substantially impact the Division's earnings, and your Company has attempted to hedge some of this risk by entering into time charters for part of its fleet. For the year 2004-05, approximately half of the Shipping Division's operating days have been covered in this manner.

OPEC action: If the OPEC goes through with its announced intention to cut production, it would result in a reduction of long-haul cargoes and therefore negatively impact the demand for tankers.

High proportion of single hull tankers in the fleet: As stated above, only 30% of your Company's tanker fleet is double-hulled. The single hull tankers in the fleet could be vulnerable to any further changes in regulations that may take place.

Shipboard personnel: Indian officers continue to be in great demand all over the world. Given that Indian regulations specify that your Company can only employ Indian seafarers, and the unfavourable tax status conferred on a seafarer sailing on Indian-flagged vessels, it is becoming increasingly difficult for your Company to source officers capable of meeting the modern day challenges of worldwide trading. This is more relevant for tanker personnel and may become a hindrance to growth.

OFFSHORE DIVISION

In FY 2003-04, the Offshore Division recorded a total income of Rs.32197 lakhs (previous year Rs.24472 lakhs) and earned a PBDIT of Rs.13204 lakhs (previous year Rs.7157 lakhs).

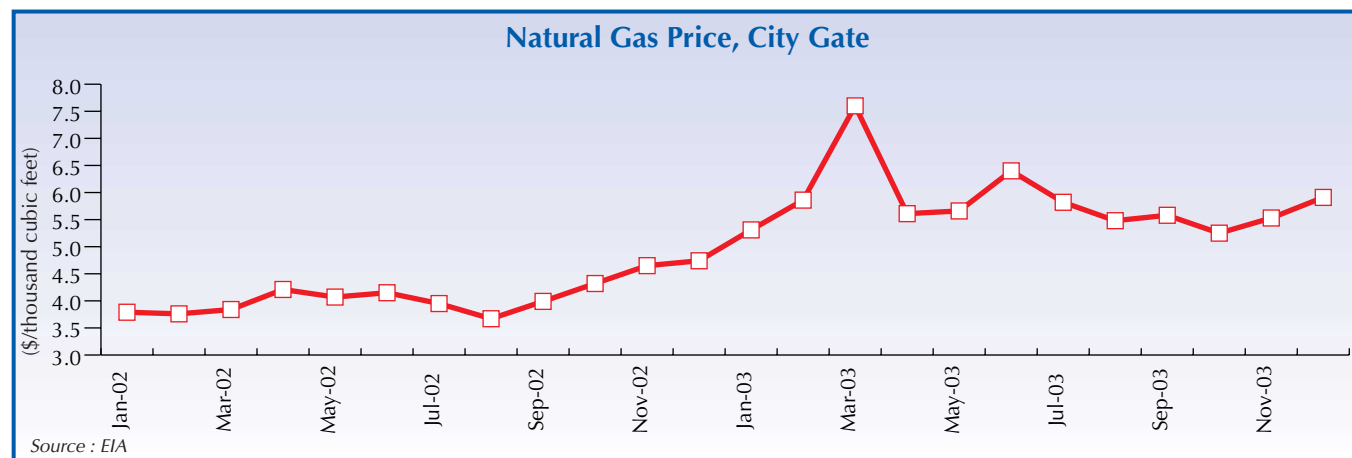
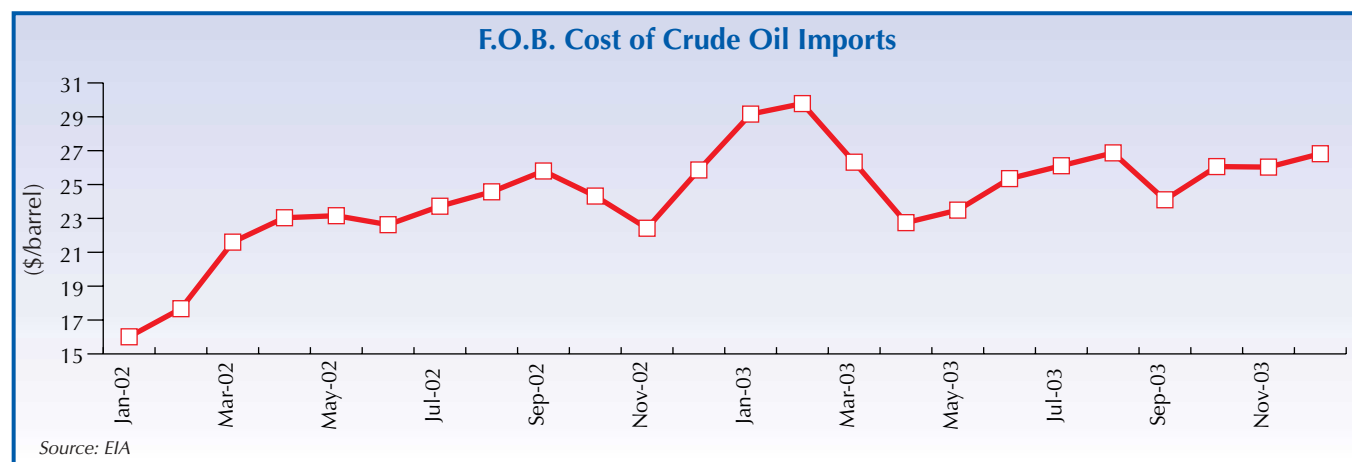
GLOBAL DEVELOPMENTS

Despite higher oil prices, investment in oil exploration activities *continued to be at a low level for the second year in succession*. Investments in the Exploration & Production (E&P) activities increased marginally compared to the previous year but not proportionate to the increase in oil prices. The mature markets of North Sea and Gulf of Mexico softened, while the Arabian Gulf, Asia Pacific and West African markets were stable leading to migration of vessels.

As against 598 offshore rigs operating in March 2003, there were 593 rigs in March 2004. Utilization levels were maintained at last year's levels of around 79%.

Demand for support vessels is mainly driven by demand for drillings rigs, construction activities and the level of E&P activities. With almost flat levels of exploratory activities, demand for supply vessels also remained subdued during the year.

Operators globally have increased their emphasis on modern, large and high spec offshore support vessels. This



has to be viewed in light of the fact that, of the 2000 vessel operating globally in 2003, almost two thirds of them were over 20 years old which is leading to fleet reorientation.

DOMESTIC DEVELOPMENTS

Historically, a gap between consumption and production levels of oil exists in India. Over the years, growth in consumption levels has outpaced the growth in levels of production. India's consumption of oil has registered a CAGR of more than 5%, over the last decade while the domestic crude oil production has seen a CAGR of a meager 1% for the same period.

This has made *oil security* a prime concern for the Government of India.

With a view to attain self-sufficiency, the Government has undertaken reforms, both, structurally and operationally. Introduction of New Exploration and Licensing Policy (NELP) is one such major initiative wherein blocks are awarded to operators both in the public and the private sectors.

In January 2004, under NELP IV, 21 offshore blocks including 11 deepwater blocks were awarded. For the first time an ultra deepwater block was awarded under NELP. Till date, amongst the four rounds of NELP, 64 offshore blocks including 32 deepwater blocks have been awarded. ONGC has launched their high-profile deepwater drilling programme, 'Sagar Samridhi,' dedicating it to the nation. The project would involve an investment in excess of \$ 750 million over three years.

Another significant development was, ONGC seeking "Expression of Interest" for development of their marginal fields. These are small viable fields of Oil & Gas to be commercially developed by small-to medium-size operators with improved cost-effective technology.

This presents a major opportunity to several operators as well as contractors.

During the year, ONGC, RIL, Cairn, British Gas, GSPCL and others have made various Oil & Gas discoveries. These operators have also committed significant investments towards the E&P activities in India, which further enhances the outlook of Indian Oil & Gas sector.

DRILLING ACTIVITIES

Increased activities post NELP, and bright outlook towards E&P activities have resulted in greater rig demand, improved asset utilisation and higher day rates with focus on development drilling. During the year, number of charter-hired rigs operating on the Indian coast increased by around 36%. Several foreign contractors have entered

the market. Currently, around 34 rigs are operating on the Indian offshore, 60% of which are foreign owned - with Jackups dominating.

MARINE CONSTRUCTION

The year witnessed the commissioning of two process platforms, along with associated pipe laying and topside modifications for ONGC. Besides, there were other marine construction activities undertaken by block operators.

OFFSHORE SUPPORT VESSEL SERVICES

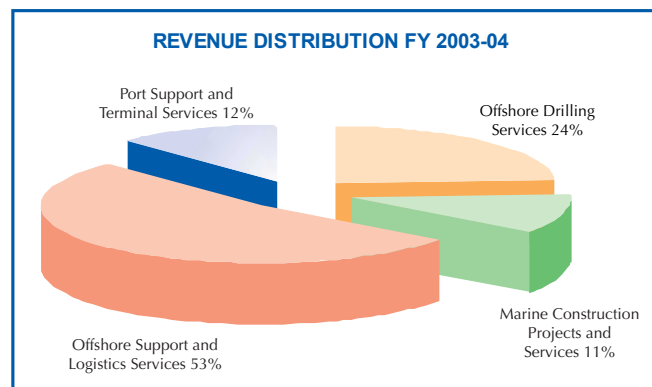
Deepwater activities through 'Sagar Samridhi' got a fillip during the year. This gave an impetus to the support services sector. International contractors perceiving opportunities have started flagging their existing tonnage through wholly-owned subsidiaries in India.

The number of vessels operating in India has increased by approximately 10%. Currently around 90 to 100 vessels are operating in India, around 30% of which are foreign-owned. This has led to softening of day rates in certain category of assets, as the increase in the number of foreign players has to a large extent offset the higher employment opportunities.

PORT AND HARBOUR TUG SERVICES

Global economic growth, and hence higher volume of international trade, has resulted in an increase in port traffic at most of the Indian ports. The traffic at major ports rose 9.89% in FY 2003-04 against 9.01% last year. The volume of cargo handled by Indian ports this year was around 344.2 million tons – an increase of around 10%.

COMPANY PERFORMANCE



OFFSHORE DRILLING SERVICES

Your Company's drilling rigs contribution to the revenues went up significantly during the year under review. This was mainly due to improved utilization as well as higher day rates. The utilization level of rigs went up by 85% as compared to that of the previous year.

The Jack-up rig, *Kedarnath*, continued the contract with ONGC, which is expected to be completed in December 2004. After that, the rig will undergo statutory dry dock and special survey. During the current year, the rig drilled 3 wells including the well, C 337, which was pending for over 9 years due to well formation complexities.

The drill barge, *Badrinath*, chartered to Deep Water Services (India) Ltd. has been chartered out to ONGC for a period of three years. The contract commenced in September 2003 after an extensive refurbishment and upgradation of the rig. During the contract, *Badrinath* drilled meterage of 2900 mts in one month (February 2004) - the highest amongst all the rigs operating for ONGC.

MARINE CONSTRUCTION PROJECTS AND SERVICES

Gal Constructor, your Company's construction barge, maintained the same utilization of 86% as that of the previous year. The barge was deployed primarily with L&T and was associated with the hookup, modification and commissioning of MNW process complex.

The project team, for the first time, worked on a process platform modification project viz. "BPA revamp project" in the Bassein field – India's largest gas producing offshore complex. The contract was to revamp the "oil handling facility" which was completed ahead of schedule. The work experience has further sharpened the division's project management skills. The experience derived from this project execution will enable the division to prequalify for bidding for larger projects comprising process complexes.

OFFSHORE SUPPORT AND LOGISTICS SERVICES

The average utilisation of offshore support vessels remained almost unchanged at about 86%. The year under review saw the average day rate earned by the vessels at 6% higher than that of the last fiscal year.

The Master and crew of *Malaviya Fourteen* received recognition from ONGC for their role in rescue operations that were carried out during the unfortunate helicopter crash.

PORT AND TERMINAL SERVICES

During the year, the harbour tug fleet saw a utilisation of around 83% as against 80% in the last fiscal.

Two of your Company's harbour tugs obtained long term contracts with Mumbai Port Trust in FY 2003-04. *Vahbiz*, a harbour tug owned by your Company continued her spot charters with NPCC, Abu Dhabi.

FLEET PROFILE

During the fiscal year 2003-04, your Company placed orders for six new building supply vessels viz. 4 AHTSVs and 2 PSVs. The AHTSVs are to be delivered in January,

April, July and September of 2005 while the PSV will join the fleet in July 2004. One of the PSVs was delivered in January 2004. A harbour tug "Sharda-M" was sold and delivered in April 2003. The current offshore fleet stands at 31 vessels.

OUTLOOK FOR INDIA'S OFFSHORE SERVICES

ONGC will commence five of the nine new platforms during FY 2004-05 which is expected to present employment opportunities to the offshore vessels. With increasing thrust on NELP and a favourable environment by way of Government's initiatives will further improve the prospects of the sector.

RISKS AND CONCERNS

- **Ageing Fleet:** With charterer's increasing preference towards modern and high-end vessels, your Company's ageing fleet profile remains an area of concern. Your Company has identified the risk and has undertaken steps to reorient the fleet profile. 6 new building orders for OSVs were placed during this financial year, one of them has already been delivered in January 2004. Your Company's drilling assets are over 29 years old and this acts as an impediment restricting operations to the Indian coastal regions. However, your Company is aware of the same and carries out refurbishment from time to time and makes technology upgrades in the rigs to meet clients' requirements.
- **Regulatory status:** Over the past few years Indian offshore oil field services sector has undergone a sea change. However, regulation to deal with the sector, more or less remained the same. With changing market requirements, entry of foreign players and maturing markets, there exists a need to develop a conducive regulatory environment for the sector. Government of India has recognised the same and steps have been initiated to formulate and frame regulations providing for fair competition on a level playing field.

FOREIGN EXCHANGE RISKS

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

Your Company is alert to the current trends in the value of the rupee and has taken adequate precautions to protect its revenue stream. As on April 26, 2004 your Company had sold \$ 117 million for periods ranging between 1 to 12 months.

Most of your Company's term loan liabilities are US\$ denominated with a floating interest rate linked to the USD Libor. Whilst US\$ interest rates are currently at very low levels, there is a risk of these rising sharply in the future. Therefore, as a risk management measure, your Company has used simple derivative tools to swap a part of these into fixed interest rates. This has been done mainly for maturities of 3 to 5 years so as to insulate your Company against a possible rise in interest rates. The percentage of its debts converted to fixed rate interest was around 46%. This position is continuously monitored and fresh swaps will be taken whenever required.

EXPANSION DURING THE YEAR

After withdrawing from the disinvestment process of SCI your Company judiciously expanded its fleet and as a result the total fleet strength stands at 68 vessels (37 ships and 31 offshore vessels). The total tonnage increased to 2.47 million DWT from 1.31 million DWT in the previous year, an increase of 87%. With 11 vessels under construction and committed capex in new building of about \$ 270 million the Company is establishing itself as a major player in the Shipping and Offshore business.

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 Auditor's 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, 2004 amounted to Rs.43600 lakhs as compared to Rs.46747 lakhs for the Company. Further the networth of the group (excluding preference shares) as on March 31, 2004 was Rs.146147 lakhs as compared to Rs.149257 lakhs for the Company.

DEBT FUND RAISING

During the year under review, your Company borrowed \$ 105.89 million as External Commercial Borrowings (ECB), Rs.21500 lakhs as Rupee loans and Rs.9500 lakhs by way of Private Placement of Non Convertible Debentures (NCDs) at a coupon rate of 6.05%, redeemable in 2010.

Your Company is in the process of raising Unsecured Loan not exceeding \$ 70 million.

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 meeting.

IT INITIATIVE

Your Company has continued its drive towards administrative efficiencies through better systems and controls. Your Company has also implemented strong electronic security tools and procedures and has successfully prevented any loss of information and time because of virus or security breaches. Your Company has also now completed its projects on computerisation of ships, which has helped in better maintenance of Ships and better control over inventories of spares and stores. Direction is now towards Business Intelligence tools, which will help in better strategizing of business needs and goals. This will also help your Company in building up a Data warehouse for better data mining.

HUMAN RESOURCES

For your Company, the quality of people is more important than any of the other assets. There is a constant endeavour to improve the knowledge, skills and attitude through various training programmes both for the floating as well as shore-based employees. This has created greater awareness of safety, environmental protection, compliance to regulatory requirements resulting in greater performance enhancement.

As on 31st March, 2004 your Company had 276 shore staff and 787 floating staff.

SUBSIDIARY COMPANIES AND REPRESENTATIVE OFFICE

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, Greatship (India) Ltd. and Deep Water Services (India) Ltd., are annexed to this report.

The Company has realised its investments in The Great Eastern Investments Limited as the Company is in voluntary winding up.

With the objective to monitor the international markets which in turn facilitates swift chartering decisions the Company during the year opened a representative branch office at Singapore.

DIRECTORS

Mr. Vineet Nayyar was appointed as an Additional Director on your Company's Board of Directors (Board) with effect from March 24, 2004. He ceases to be a Director on the date of the 56th Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received in respect of his appointment as Director on the Board.

Mr. Vijay K. Sheth and Mr. Manu Shroff retire by rotation and being eligible offer themselves for reappointment. Mr. A.K. Parikh retires by rotation but did not offer himself for reappointment on account of his advanced age. Mr. Parikh has been associated as a Director of the Company since June 29, 1989. His active participation and contribution at the meetings of the Board and various Committees have been invaluable. Your Directors place on record their appreciation for the valuable guidance and support extended by him during his tenure as a Director.

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 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.17.89 lakhs, being unclaimed 42nd dividend and outstanding interest on fixed deposits 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 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 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 :

(a) Foreign Exchange earned and saved (on account of freight, charter hire earnings and includes Foreign Exchange savings of Rs.35875 lakhs)	Rs. in lakhs 145083
(b) Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships, interest payment.	128679

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 re-appointment.

AWARDS AND ACKNOWLEDGEMENTS

Your Company was accorded "Fastest Expanding Indian Shipping Company in 2003" award by the National Maritime Day Celebrations Committee. The award was given by The Hon'ble Minister of Shipping Mr. Shatrughan Sinha.

Your Company also received the prestigious "Dr. Nagendra Singh Gallantry at Sea Award" for the commendable performance by the Master and crew of Tug mt "Ananya" for

rescuing 10 lives from a capsized vessel MSV L Zareen in belligerent sea conditions at Tuticorin. The award was presented by the Hon'ble Minister of Shipping Mr. Shatrughan Sinha on the occasion of National Maritime Day.

SAFETY CONCERNS

The safety, environment and security requirements are ever increasing starting from the construction of the vessel, its equipments, the operation of the vessel, Officers and Crew qualifications with regard to the safe ship management. For the safe operations of the ships IMO, Flag States and the classification, societies issue the requirements from time to time. Your Company accords highest priority to the safety of its onshore and offshore personnel. The accidents and non compliances of safety requirements are reported, reviewed and deliberated at the highest levels within the organisation and remedial actions are taken to prevent re-occurrence. Your Company regularly conducts comprehensive training programmes to improve the safety awareness of the Company's officials. Inspite of strict safety requirements 2 cadets lost their lives on the Company's vessels managed by the Ship Managers. Adequate precautions have been taken to avoid re-occurrence.

ISPS CODE

Since the attack on the WTC on September 11, 2001, security of the vessels and the ports they call have come into sharp focus.

The International Ship & Port Facility Security (ISPS) Code is becoming mandatorily applicable on July 1, 2004. By this date, all vessels over 500 GRT engaged on international voyages will be required to meet the requirements of this Code and carry an International Ship Security Certificate (ISSC). In the Shipping Division, the process of implementation of the requirements of ISPS Code is fully completed and presently the vessels are being audited by

the Flag Administration in compliance with the Code and issuance of ISSC. The ISSC is already recommended for 31 of your Company's vessels and remaining 6 are all scheduled to be completed by the beginning of May 2004.

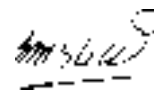
As most of the Offshore Divisions vessels are not plying in international waters, only 6 vessels have been identified in compliance with the ISPS code in the first phase and are being readied for external audits. Meanwhile certain common security measures have been put in place on the balance vessels so that compliance in the second phase will be smoother.

APPRECIATION

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

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

For and on behalf of the
Board of Directors



K.M. Sheth

Executive Chairman

Mumbai, April 30, 2004



Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that sound Corporate practices based on openness, credibility and accountability is essential to it's long term success. These practices will ensure the Company, having regard to competitive exigencies, conduct its affairs in such 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 12 Directors as on March 31, 2004.

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

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

* Memberships in Audit, Remuneration and Investor Grievances Committees does not exceed 10 committee membership.

** Mr. Vineet Nayyar was appointed as an Additional Director of the Company on March 24, 2004.

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

Director	No. of Meetings		Attended Last AGM **
	Held *	Attended	
Mr. K.M. Sheth	11	11	Yes
Mr. S.J. Mulji	11	7	No
Mr. Cyrus Guzder	11	10	Yes
Mr. Keki Mistry	11	9	Yes
Mr. T.N. Pandey	11	10	Yes
Mr. A.K. Parikh	11	11	Yes
Mr. R.N. Sethna	11	10	Yes
Ms. Asha V. Sheth	11	9	Yes
Mr. Manu R. Shroff	11	11	Yes
Mr. Vijay K. Sheth	11	11	Yes
Mr. B.K. Sheth	11	11	Yes
Mr. Vineet Nayyar***	11	1	No

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

April 11, 2003, May 2, 2003, June 10, 2003, July 24, 2003, August 29, 2003, October 5-6, 2003, October 30, 2003, November 28, 2003, December 19, 2003, January 30, 2004 and March 24, 2004.

** Annual General Meeting (AGM) held on July 24, 2003.

***Mr. Vineet Nayyar was appointed at the Board Meeting held on March 24, 2004, which he attended.

3. AUDIT COMMITTEE

A) Terms of Reference

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, 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.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.
- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

- 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, 2004)

The Audit Committee was reconstituted on August 29, 2003 wherein Mr. A.K. Parikh was appointed on the Committee in place of Mr. T.N. Pandey.

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

- (1) Mr. Manu R. Shroff - Chairman
- (2) Mr. R.N. Sethna
- (3) Mr. A.K. Parikh

C) The Committee met 7 times on May 1, 2003, July 23, 2003, September 10, 2003, October 30, 2003, December 19, 2003, January 30, 2004 and March 25, 2004 during the financial year 2003-04 and the attendance of the members of the Committee were as follows :

Director	No. of Meetings	
	Held	Attended
Mr. Manu R. Shroff	7	7
Mr. R.N. Sethna	7	7
Mr. T.N. Pandey *	7	2
Mr. A.K. Parikh *	7	5

* were on the Committee for part of the year.

4. REMUNERATION COMMITTEE

A) Terms of Reference

The Remuneration Committee shall have the powers to determine the Company's Policy on specific remuneration packages for Wholtime 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, 2004)

The Remuneration Committee was also reconstituted on August 29, 2003 wherein Mr. Cyrus Guzder was appointed on the Committee in place of Mr. A.K. Parikh.

The Remuneration Committee comprises of the following Directors namely :

- (1) Mr. Cyrus Guzder - Chairman
- (2) Mr. R.N. Sethna
- (3) Mr. T.N. Pandey
- (4) Mr. Manu R. Shroff

C) Attendance during the year

The Committee met 5 times on May 1, 2003, November 28, 2003, January 22, 2004, February 8, 2004 and March 5, 2004 during the financial year 2003-04 and the attendance of the members of the Committee were as follows :

Director	No. of Meetings	
	Held	Attended
Mr.Cyrus Guzder *	5	4
Mr. R.N. Sethna	5	5
Mr. T.N. Pandey	5	4
Mr. Manu R. Shroff	5	5
Mr. A.K. Parikh *	5	1

* were on the Committee for part of the year.

D) Remuneration Policy

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

E) Details of Remuneration paid to all Directors :

Name of Director	Salary* (Rs)	Sitting Fees (Rs)	Commission (Rs)
Mr. K.M. Sheth	66,60,673	—	— **
Mr. S.J. Mulji	68,44,048	—	— **
Mr. V.K. Sheth	61,19,293	—	60,00,000 **
Mr. B.K. Sheth	62,68,844	—	60,00,000 **
Mr. Cyrus Guzder	—	70,000	7,50,000
Mr. Keki Mistry	—	45,000	7,50,000
Mr. Vineet Nayyar	—	5,000	50,000
Mr. T.N. Pandey	—	85,000	7,50,000
Mr. A.K. Parikh	—	90,000	7,50,000
Mr. R.N. Sethna	—	1,10,000	7,50,000
Ms. Asha V. Sheth	—	45,000	7,50,000
Mr. Manu R. Shroff	—	1,20,000	7,50,000
Total	2,58,92,858	5,70,000	1,73,00,000

* Salary includes monetary value of the perquisites.

** An amount of Rs. 240 lakhs is proposed to be paid to the 4 Executive Directors for the year 2003-04, subject to the approval of the members at the ensuing 56th Annual General Meeting. The payment of one time commission to the 2 Managing Directors shall be in addition to the commission payable as per the terms of their appointment.

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 Wholtime Directors or employees.

(c) The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings and payment of commission to them. The Company pays fees for professional services rendered by a Non-Executive Director and a firm of solicitors and advocates of which a Non-Executive Director is a partner.

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, 2004)

The Committee was reconstituted on August 29, 2003 wherein Ms. Asha V. Sheth and Mr. Cyrus Guzder were appointed on the Committee in place of Mr. Manu Shroff and Mr. R.N. Sethna.

The Committee comprises of the following Directors namely :

(1) Mr. T.N. Pandey – Chairman

(2) Mr. A.K. Parikh

(3) Ms. Asha V. Sheth

(4) Mr. Cyrus Guzder

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

C) During the year under review, 163 complaints were received from investors which were replied / resolved to the satisfaction of the investors.

38 requests for transfer and 235 requests for dematerialisation were pending for approval as on March 31, 2004. 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 the last 3 years :

Date & Year	Time	Location
July 24, 2003	3.00 p.m.	Rama Watumal Auditorium, K.C. College, Churchgate, Mumbai 400 020.
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

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

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 has been imposed by the Stock Exchanges or SEBI or any other statutory authority, or 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 30 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", "The Free Press Journal", "The 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 April 30, 2004, the day of the declaration of the Annual Results for FY 04 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 | : | Friday, June 25, 2004 |
| Time | : | 3.00 p.m. |
| Venue | : | Rama Watumal Auditorium, K. C. College,
Churchgate, Mumbai-400 020 |
- b) Financial Calendar
(April 1, 2004 - March 31, 2005)
- | | | |
|---|-----|--|
| : | i) | 56th Annual General Meeting – June 25, 2004 |
| : | ii) | 1st Quarterly Result – Last week of July, 2004 |
| : | | 2nd Quarterly Result – Last week of October, 2004 |
| : | | 3rd Quarterly Result – Last week of January, 2005. |
| : | | 4th Quarterly Result – Last week of April, 2005/
First week of May, 2005. |
- c) Book Closure date
- | | |
|---|--|
| : | Tuesday, June 15, 2004 to Friday, June 25, 2004
(both days inclusive) |
|---|--|
- d) Dividend Payment Date
- | | |
|---|---------------------------|
| : | On or after June 29, 2004 |
|---|---------------------------|
- e) Listing on Stock Exchanges
- | | |
|---|--|
| : | Equity Shares are listed on the following Stock Exchanges : |
| | The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. |
| | National Stock Exchange of India Ltd.
“Exchange Plaza”, Bandra-Kurla Complex, Bandra(E),
Mumbai - 400 051. |
| | Global Depository Receipts are listed on : |
| | Luxembourg Stock Exchange
Kredietbank S.A. Luxembourgeoise
Societe Anonyme, 43, Boulevard Royal, L-2955
Luxembourg, R.C., Luxembourg B 6395. |
| | Preference Shares are listed on the Mumbai &
National Stock Exchange |
| | Non-convertible Debenture (All series) are listed on : |
| | 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, 28329828 Fax: 022 - 28375646 email : sharepro@bom7.vsnl.net.in
k) 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 transfer of shares. Request for dematerialisation (demat) received from the shareholders are effected within an average period of 15 days.
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, 2004 has been dematerialised.
n) Outstanding GDR's	:	4,04,967 GDR's are outstanding as on March 31, 2004.
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, 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, 28329828 email : sharepro_gesco@roltanet.com

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 1997 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1997.

TABLE – 1

DATES OF TRANSFERING UNCLAIMED DIVIDEND TO THE CENTRAL GOVERNMENT				
Year	Dividend No	Type	Date of Declaration	Date of Transfer to Central Government
1997	43	Final	18.08.1997	29.09.2004
1998	44 I	Interim	22.01.1998	05.03.2005
1998	44 F	Final	03.08.1998	14.09.2005
1999	45	Final	30.07.1999	10.09.2006
2000	46 I	Interim	23.03.2000	04.05.2007
2001	47	Final	26.07.2001	25.08.2008
2002	48	Final	25.07.2002	24.08.2009
2003	49	Final	24.07.2003	23.08.2010
2004	50	Interim	30.01.2004	01.03.2011

TABLE – 2

UNCLAIMED DIVIDEND AS OF MARCH 31, 2004								
Year	Div. No.	Type	No. of Warrants Issued	No. of Warrants Unclaimed	% Unclaimed	Amount of dividend (Rs. lakhs)	Dividend Unclaimed (Rs. lakhs)	% Unclaimed
1997	43	Final	205106	10555	5.14	8626	40.40	0.47
1998	44 I	Interim	201942	13304	6.59	7189	40.84	0.57
1998	44 F	Final	204276	13045	6.39	4313	23.08	0.53
1999	45	Final	199211	12616	6.33	5751	34.97	0.60
2000	46 I	Interim	188606	10174	5.39	3883	26.55	0.68
2001	47	Final	160040	11331	7.08	5937	47.34	0.80
2002	48	Final	159175	11144	7.00	6981	62.81	0.90
2003	49	Final	145716	11885	8.15	7613	68.99	0.91
2004	50	Interim	128230	44216	34.48	4758	226.84	4.77

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 application 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.

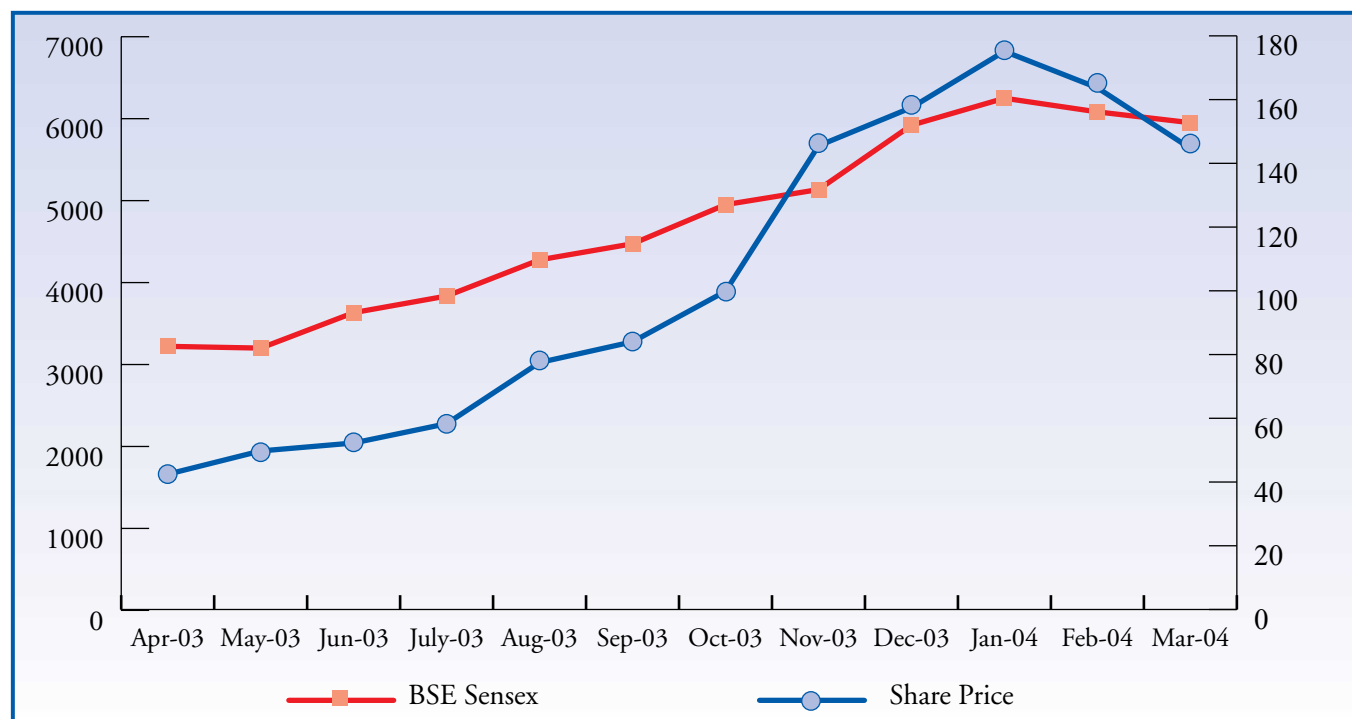
3. Shares held in electronic form : Shareholders holding shares in electronic form may note that :

- Instructions regarding bank details which they wish to have incorporated on their dividend warrants must be submitted to their depository participants. As per the regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.
- Instructions already given by them for shares held in physical form will not automatically be applicable to the dividend paid on shares held in electronic form.
- Instructions regarding change of address, nomination and power of attorney should be given directly to the depository participants. The Company cannot entertain any such requests directly from the shareholders.
- The Company provides ECS facility for shares held in electronic form and for reasons mentioned earlier, shareholders may wish to avail of this facility.

MARKET PRICE DATA-HIGH/LOW DURING EACH MONTH IN THE YEAR 2003- 04

Month	Market Price (Rs.)		
	Highest	Lowest	Volume
April 2003	42.45	37.65	21,16,508
May 2003	49.75	41.55	63,60,514
June 2003	52.25	45.75	20,75,376
July 2003	58.30	46.25	57,30,818
August 2003	77.50	53.75	97,62,477
September 2003	84.00	67.00	1,08,84,103
October 2003	99.85	79.50	1,25,36,639
November 2003	145.50	95.55	2,28,14,234
December 2003	157.50	130.10	91,95,112
January 2004	175.15	136.00	82,39,250
February 2004	163.70	135.90	59,45,307
March 2004	144.70	109.00	46,04,768

COMPANY SHARE PRICES COMPARED TO BSE SENSEX



DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2004**APPENDIX – C**

No. of Equity Shares held	Number of Shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	106060	82.501	1,53,37,621	8.059
501 to 1000	10881	8.464	79,44,151	4.174
1001 to 2000	5655	4.399	81,62,583	4.289
2001 to 3000	1961	1.525	48,45,219	2.546
3001 to 4000	1076	0.837	37,62,276	1.977
4001 to 5000	654	0.509	29,99,248	1.576
5001 to 10000	1127	0.877	8,04,97,14	4.229
10001 and above	1142	0.888	13,92,26,203	73.151
Total	128556	100.00	19,03,27,015	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2004**APPENDIX – D**

Category	No. of shares held	% of shareholding
1. Promoters	4,67,21,868	24.55
2. Directors other than Promoters	91,682	0.04
3. Foreign Institutional Investors	61,05,358	3.21
4. International Finance Corporation	1,316	0
5. Global Depository Receipts	17,84,469	0.94
6. Foreign Holding	14,20,091	0.75
7. Govt./Financial Institutions	4,36,91,849	22.96
8. Bodies Corporate	1,72,51,501	9.06
9. Resident Individuals	7,32,58,881	38.49
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, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

We state that as per the records maintained by the Registrars and Share Transfer Agents of the Company and presented to the Shareholders/ Investor Grievance Committee, no investor grievances received during the year ended March 31, 2004 were remaining unattended/pending against the Company for a period exceeding thirty days.

We further state that such compliance is neither an assurance as to 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, April 30, 2004

Annexure – B to the Directors’ Report – 2004

THE GREAT EASTERN SHIPPING COMPANY LIMITED

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Directors for the year ended 31st March, 2004.

Sr. No.	Name	Designation/ Nature of Duties	Remuneration Received (Rs.)		Qualifi- cations	Experience (Years)	Date of Commencement of Employ- ment	Age	Last Employment Held
			Gross	Net					
Directors :									
1	# Sheth K M	Executive Chairman	67,93,562	30,68,852	U.G.Com	52	01-Oct-52	72	GESCO London
2	# Mulji S J	Executive Deputy Chairman	67,34,161	31,00,954	M.A. (Oxon.)	43	01-Apr-98	66	
3	# Sheth B K	Managing Director	1,24,93,805	69,85,301	B.Sc. (Scotland)	23	01-Oct-81	46	
4	# Sheth V K	Managing Director	1,21,69,719	67,68,165	B.Com.,MBM (Manila)	26	01-Sep-83	49	
A.H. Bhiwandiwalla and Co. Pvt. Ltd.									
Shore Staff :									
5	Bhat S D	GM & Head - Fleet Management, Shipping	24,64,364	15,17,879	1st Class MOT	30	02-Jul-93	51	Indian Register of Shipping
6	Dumasia R P	General Manager, Information Technology	26,31,388	16,20,260	B.Sc., DBM	30	10-Jul-96	52	Tata Information Systems Ltd.
7	Dumasia R J	General Manager, Tanker Technical	24,43,883	14,98,875	1st Class MOT	30	16-Jul-74	55	
8	Dutta R T	General Manager- Planning & Corp. Communication	25,90,318	16,59,011	B.Com., LL.B., FCS, FCA	20	23-Jul-01	43	CRISIL
9	Engineer S C	Vice President - Projects - Offshore	38,54,622	23,98,800	1st Class MOT	33	21-Nov-70	54	
10	Icot T	Vice-President - Strategic Planning and Coordination	30,83,373	19,14,787	B. Com (Hons.), DMS, AIIM, FICA	26	20-Feb-91	48	Essar Shipping Ltd.
11	Kailash V	General Manager - Tanker Operations (Coastal)	25,60,586	15,77,067	Master FG	24	19-Jun-80	46	
12	# Kakkar V	Advisor, Shipping	25,01,709	15,10,774	1st Class MOT	33	10-Dec-70	55	
13	# Kapur G D	Advisor, Oil & Gas	32,62,168	22,46,977	B.E.	44	01-Apr-02	65	GG Consultants
14	Khot G P	General Manager, Shipping	25,39,816	15,43,697	B.Tech., DIIM	33	01-Sep-82	54	Self-employed
15	Mahapatra S S	GM - Bulk Carrier (Operations)	26,49,852	16,27,127	Master FG	27	24-Dec-76	48	
16	Naware P R	President (Corporate), Secretarial & Legal Dept.	44,85,689	27,75,140	B.Sc., LL.B., ACS	30	01-Jun-87	51	Kirkoskar Oil Engines Ltd.
17	Padmalayam N	General Manager - Chartering	24,24,900	15,00,826	B.A., MBA	26	12-May-97	48	Samrat Asia Maritime Limited

Sr. No.	Name	Designation/ Nature of Duties	Remuneration Received (Rs.)		Qualifi- cations	Experience (Years)	Date of Commencement of Employ- ment	Age	Last Employment Held
18	Sharma A	President - Shipping Division	43,63,873	27,11,578	1st Class MOT	35	03-Jan-00	56	Varun Shipping Co. Ltd.
19	Sinha S K	Drilling Superinten- dent, Oil & Gas	27,17,562	17,36,674	B.E.	24	01-Sep-97	47	ONGC
20	Srivastava S K	President - Offshore Division	43,69,377	27,39,734	M. Com., LL.B.	27	04-Jun-90	45	A-Z Environmental Inc.
21	Thomas N J	Vice-President, Human Resources	37,51,518	23,62,958	B.A., PGD (PM & IR)	25	26-Nov-01	55	Associated Capsules Group
22	Trivedi J M	G.M. (Secretarial & Legal) & Company Secretary	24,83,549	15,31,996	B.Com., BGL, ACS	23	19-Jul-00	44	DCW Home Products Ltd.
23	Trivedi G	Vice-President, Operations (Offshore)	34,00,779	21,03,754	B.E., MS (Business Mgmt)	33	26-Aug-02	59	Thermax Babcock & Wilcox Ltd.
24	# Vesuna K J	Advisor, Shipping	29,67,911	20,45,701	B.Com., LL.B., LLM, ACA	44	06-Oct-97	66	The Great Eastern Shipping Co. Ltd.
25	Vimawala J G	General Manager - Accounts and M.I.S.	25,69,662	15,78,905	B. Com (Hons.), FCA	23	01-Apr-81	46	
26	Wasudeo B	Chief Financial Officer	36,18,583	22,46,658	B.Sc., PGDBA	31	01-Dec-00	54	Shaw Wallace Co. Ltd.
27	*Aswani V T	Clerical Assistant	23,55,627	16,33,979	Matriculate	22	01-Jul-83	43	M/s Danish Plastic Co.
28	*Bokdawala K S	Deputy Manager, Administration (Offshore)	2,40,695	2,30,998	Catering Course	25	01-Jul-94	48	Hotel Broadway, Shrinagar
29	*Buckshee S	Senior Manager, Bulkier	7,61,965	5,22,800	Master FG	18	21-Jul-00	39	Qatar National Navigation Transport Co.
30	*Kushwah U S	Senior Manager, Materials Procurement	36,18,938	24,38,021	1st Class MOT	20	27-Nov-87	46	Shipping Corporation of India Ltd
31	*Sukheswala C P	Officer, Offshore	22,42,260	16,03,244	B.Com.	30	02-Sep-83	53	Dura Steamship Ltd
Floating Staff :									
32.	# *Vadgaonkar S H	Chief Engineer	64,097	64,097	Class I (Motor)	11	23-Mar-04	46	Worldwide Shipping
33.	# *Singh G	Chief Engineer	2,63,724	2,27,046	Class I (Motor)	15	24-Feb-04	54	Fleet Management Ltd.
34.	# *Mohan S	Master	6,00,172	4,52,013	Master (F.G)	7	26-Jan-04	33	Essar Shipping Limited
35.	*Jacob J	Master	5,50,206	3,83,415	Master (F.G)	17	26-Jan-04	49	Tanker Pacific Ship Management Limited
36.	# *Bhagat G K	Chief Engineer	6,11,677	4,60,029	Class I (Motor)	10	02-Jan-04	40	Varun Shipping Co. Limited
37.	# *Saini G L	Chief Engineer	6,05,387	4,55,629	Class I (Motor)	5	05-Jan-04	58	Seven Island

Sr. No.	Name	Rank	Remuneration Received (Rs.) Gross	Net	Certificate	Experience (Years)	Date of Commencement of Employment	Age	Last Employment Held
38. #	*Soman A P	Chief Engineer	8,72,968	8,72,968	Class I (Motor)	14	15-Dec-03	49	O.M.C.I.
39. #	*Sinha R	Chief Engineer	7,96,839	7,90,779	Class I (Motor)	8	11-Dec-03	38	Tanker Pacific Ship Management Limited
40. #	*Bhalla G S	Chief Engineer	9,24,500	9,24,500	Class I (Motor)	17	26-Nov-03	52	Eurasia Ship Management Ltd
41. #	*Tejpal Y	Chief Engineer	8,21,677	8,21,677	Class I (Motor)	4	02-Dec-03	33	Varun Shipping Co. Limited
42. #	*Kaushik R	Chief Engineer	9,55,925	8,89,367	Class I (Motor)	9	21-Nov-03	40	Tanker Pacific
43. #	*Tewari A	Master	16,17,645	16,17,645	Master (F.G)	8	10-Oct-03	40	Kuwait Oil Tanker Co.
44. #	*Kumar A	Master	10,66,405	7,49,426	Master (F.G)	9	04-Nov-03	44.	IMC Shipping Co.
45. #	*Ramakrishnan K	Master	12,88,507	12,88,507	Master (F.G)	5	07-Oct-03	32.	The Great Eastern Shipping Company Ltd.
46. #	*Rajagopalan B	Chief Engineer	12,09,452	8,45,230	Class I (Motor)	17	30-Sept-03	51	M.I.S.C. Berhad
47. #	*Dasgupta P	Chief Engineer	23,04,142	21,50,831	Class I (Motor)	9	21-Apr-03	38	The Shipping Corporation of India
48. #	*Sobharam S	General Steward	70,000	70,000	–	32	13-Jan-72	59	
49. #	*Rodrigues L M	General Steward	2,10,000	1,82,000	–	23	18-Oct-80	52	
50. #	*Tandel S D	Seaman-I	1,10,000	1,05,000	–	15	28-Jul-89	56	The Great Eastern Shipping Company Ltd.
51. #	Castelino P B	Master	29,64,534	26,74,565	Master (F.G)	16	27-Aug-87	40	
52. #	Krishnamoorthy S I	Chief Engineer	30,14,352	22,45,904	MEO Class I (Motor)	31	29-Apr-95	54	Gal Offshore Services Ltd.
53. #	Jain H N	Master	8,55,288	6,18,072	Master (F.G.)	25	20-Mar-97	47	Century Shipping
54. #	Kaithavalapill C P	Master	25,99,382	16,24,796	Master (F.G)	38	04-Dec-90	51	Sicael Jebsen

* Employed for the part of the year.

Nature of Employment is contractual for these Employees and non-contractual for others.

Remuneration received "Gross" includes Salary, Allowances, Bonus/Commission, Mutual Separation Scheme Compensation, Taxable value of perquisites, Company's contribution to Provident Fund and Superannuation Fund.

Remuneration received "net" received includes Salary, Allowances, Bonus/Commission, Mutual Separation Scheme Compensation, Taxable value of perquisites less Income-Tax and Employees' contribution to Provident Fund.

In the case of Shore-Staff, other terms and conditions are as per Company's service rules whereas for Floating Staff they are as per agreements with Maritime Union of India/National Union of Seafarers of India.

Mr.B.K.Sheth is the son of Mr. K.M. Sheth, Executive Chairman of the Company.

None of the other Employees is related to any Director of the Company.

For and on behalf of the Board of Directors

Mumbai, April 30, 2004

K.M.Sheth
Executive Chairman

diversified

diversified

diversified







Asset Profile

diversified

Shipping Asset Profile as on March 31, 2004

	S. No.	VESSELS	DWT (MT)	YEAR BUILT
TANKERS 	CRUDE CARRIERS			
	1	m.t. Vasant J Sheth	261,167	1990
	2	m.t. Jag Laadki	145,242	1992
	3	m.t. Jag Lakshya	152,485	1989
	4	m.t. Jag Leher	107,592	1986
	5	m.t. Jag Lata	105,716	2003
	6	m.t. Jag Larjish	105,391	1986
	7	m.t. Jag Leela	105,148	1999
	8	m.t. Jag Laxmi	105,051	1999
	9	m.t. Jag Lavanya	105,000	2004
	10	m.t. Jag Lamha	98,214	1987
	11	m.t. Jag Laila	96,967	1987
	12	m.t. Jag Leena	95,007	1985
	PRODUCT CARRIERS			
	13	m.t. Jag Arpan	66,183	1986
	14	m.t. Jag Anjali	66,203	1986
	15	m.t. Jag Pranam	50,600	1984
	16	m.t. Jag Pavitra	50,600	1985
	17	m.t. Jag Padma	47,803	1982
	18	m.t. Jag Prakash	46,345	2003
	19	m.t. Jag Pankhi	46,273	2003
	20	m.t. Jag Pratap	45,693	1995
	21	m.t. Jag Pradip	45,684	1996
	22	m.t. Jag Prachi	44,124	1996
	23	m.t. Jag Prayog	29,990	1982
	24	m.t. Jag Praja	29,990	1982
	25	m.t. Jag Pari	29,139	1982
	26	m.t. Jag Preeti	29,133	1981
	27	m.t. Jag Palak	27,400	1985
	28	m.t. Jag Pragati	27,402	1985
	LPG CARRIER			
	29	m.t. Jag Vayu	28,400	1978
Tanker Total			2,193,942	
DRY BULK CARRIERS 	S. No.	VESSELS	DWT (MT)	YEAR BUILT
	1	m.v. Jag Arnav	71,122	1995
	2	m.v. Jag Rani	41,545	1984
	3	m.v. Jag Rishi	41,093	1984
	4	m.v. Jag Ratna	35,662	1977
	5	m.v. Jag Vikram	27,463	1980
	6	m.v. Jag Vidya	27,451	1977
	7	m.v. Jag Vikas	26,781	1977
	MINI BULK CARRIERS			
	8	m.v. GE3	2137	1998
DRY BULK TOTAL			2,73,254	
SHIPPING DIVISION TOTAL			2,467,196	

Offshore Asset Profile as on March 31, 2004

	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	1,251	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
	14	m.v. Malaviya Nineteen	3,302	2004
	ANCHOR HANDLING TUGS			
	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	136	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.	64	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			39,089	

Sale and Purchase transactions during the financial year 2003-04

Acquisitions					
Sr. No	Month of acquisition	Name	Type	DWT (MT)	Year of built
1	April 2003	Jag Anjali	Panamax Product Tanker	66,203	1986
2	May 2003	Jag Lata	Aframax Crude Tanker	105,716	2003
3	May 2003	Jag Pankhi	Medium Range Product Tanker	105,716	2003
4	July 2003	Jag Leena	Aframax Crude Tanker	95,007	1985
5	September 2003	Jag Lamha	Aframax Crude Tanker	98,214	1987
6	November 2003	Vasant J Sheth	Very Large Crude Carrier	261,167	1990
7	November 2003	Jag Laila	Aframax Crude Tanker	96,967	1987
8	November 2003	Jag Leher	Aframax Crude Tanker	107,592	1986
9	December 2003	Jag Larjish	Aframax Crude Tanker	105,391	1986
10	December 2003	Jag Lakshya	Suezmax Crude Tanker	152,485	1989
11	January 2004	Malaviya Nineteen	Platform Supply Vessel	3,302	2004
12	January 2004	Jag Lavanya	Aframax Crude Tanker	105,000	2004

Sales

1	April 2003	Sharda M	Anchor Handling Tug	508	1975
2	July 2003	Jag Raksha	Handymax Dry bulk Carrier	45,345	1985
3	August 2003	Jag Priya	Medium Range Product Tanker	44,128	1996
4	March 2003	GE4	Mini Bulk Carrier	2,137	1998

Ships/vessels on order as on April 30, 2004

New Building

Sr. No.	Month & Year of contracting	Shipbuilding yard	Type	DWT (MT)	Expected Delivery
1	February 2003	Hanjin Heavy Indus., Korea	Medium Range Product Tanker	45,000	September 2004
2	March 2003	Hyundai Samho, Korea	Suezmax Crude Tanker	159,000	April 2005
3	May 2003	Hyundai Samho, Korea	Suezmax Crude Tanker	159,000	July 2005
4	June 2003	Bharati Shipyard, India	Anchor Handling Tug Supply Vessel	2,200	January 2005
5	June 2003	Bharati Shipyard, India	Anchor Handling Tug Supply Vessel	2,200	April 2005
6	September 2003	Aker Brattvaag, Norway	Platform Supply Vessel	3,280	July 2004
7	September 2003	Bharati Shipyard, India	Anchor Handling Tug Supply Vessel	2,200	July 2005
8	September 2003	Bharati Shipyard, India	Anchor Handling Tug Supply Vessel	2,200	September 2005
9	March 2004	STX Shipbuilding, Korea	Medium Range Product Tanker	47,400	May 2007
10	March 2004	STX Shipbuilding, Korea	Medium Range Product Tanker	47,400	May 2007
11	April 2004	STX Shipbuilding, Korea	Medium Range Product Tanker	47,400	September 2007

Second hand

1	February 2004	Kurushima Dockyard, Japan	Handymax bulk carrier	37,092	May 2004
2	March 2004	Kurushima Dockyard, Japan	Handymax bulk carrier	35,676	June 2004

Subsidiary Asset Profile as on March 31, 2004

The Great Eastern Shipping Co. London Ltd.

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

strong

strong



strong

Financials

strong

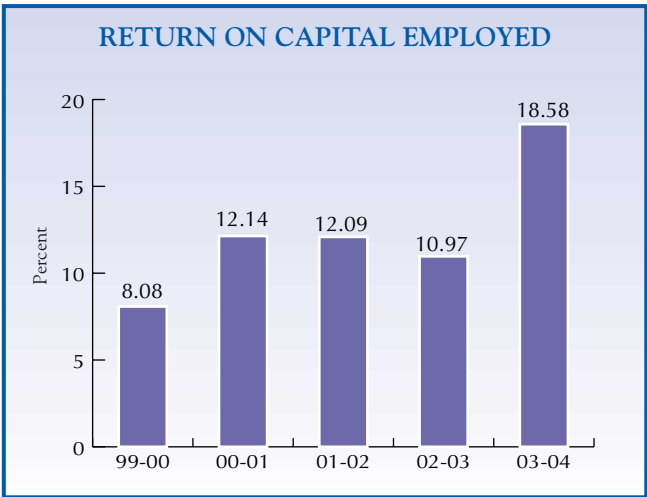
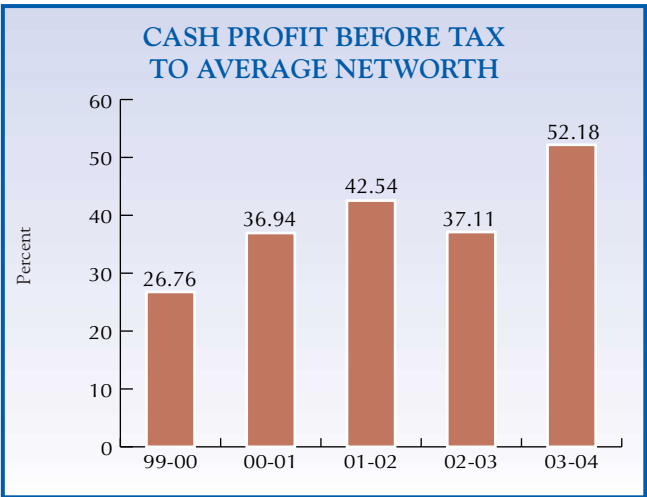
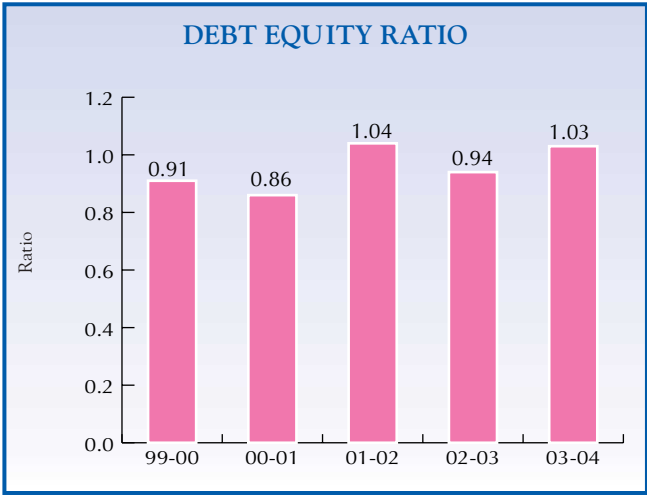
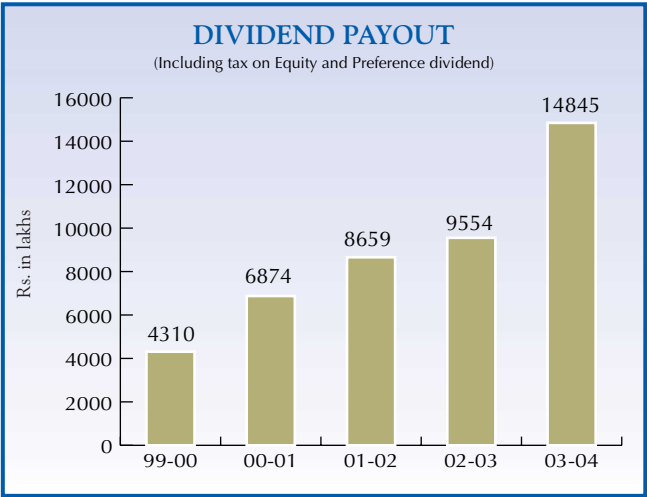
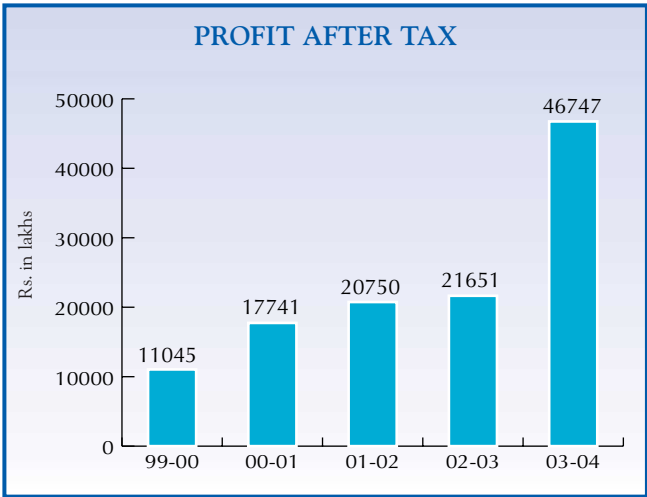
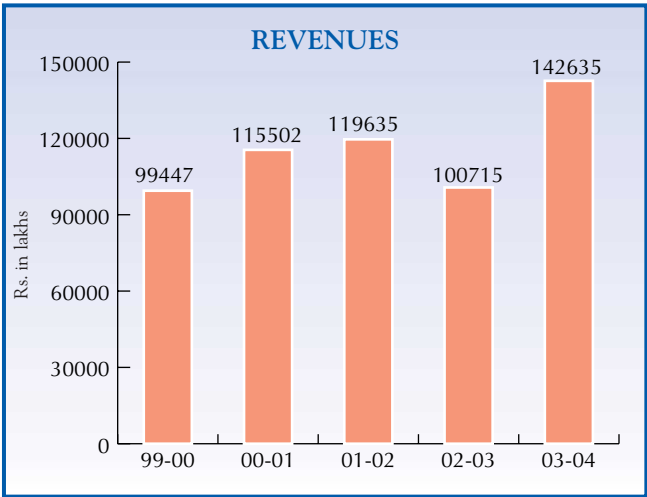
Year at a Glance

	March 31, 2004		March 31, 2003	
	Rs. (in lakhs)	US\$ (in millions)	Rs. (in lakhs)	US\$ (in millions)
(except for Earnings & Cash earnings per share)				
For the year				
Total Revenue	142635	309	100715	208
Operating Profit (PBIDT)	74000	160	45273	93
Profit after tax (PAT)	46747	101	21651	45
PBIDT as a percentage of total revenue	51.88	51.88	44.95	44.95
Earnings per share (Rs.-US\$)	24.29	0.53	11.36	0.23
Cash earnings per share (Rs.-US\$)	34.86	0.76	20.13	0.42
Dividend amount (Including tax on dividend)	14845	32	9554	20
Capital Investment	105765	229	43846	91
At the end of the year				
Total assets	346471	792	262908	554
Fixed assets	255195	583	182260	384
Total debt	145900	333	102086	215
Net worth	149257	341	116365	245
Equity Capital	19033	44	19033	40
Preference Capital	7500	17	7500	16

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

Exchange Rate	Rs./US\$	
	2003-04	2002-03
– Average	46.11	48.44
– Closing	43.75	47.49

Financial Highlights



10 Years at a Glance

	(Rs. in lakhs)									
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
PROFIT & LOSS A/C										
Revenues :										
Income from operations	76387	72384	78122	88102	92896	91464	108068	117243	95547	135194
Profit on sale of ships	1740	3383	956	1693	54	4795	3598	58	1598	860
Other income	6824	7357	8729	6615	5090	3187	3836	2234	3570	6581
	84951	83124	87807	96410	98040	99446	115502	119535	100715	142635
Expenditure :										
Operating expenses	54182	49237	48546	49508	53951	57242	60808	60798	48438	61318
Administration expenses	2540	3911	3962	4844	5894	5361	7297	8259	7004	7317
Operating profit (PBITD)	28229	29976	35299	42058	38195	36843	47397	50478	45273	74000
Interest & finance charges	2484	4533	6906	6504	5782	6081	7174	5027	3900	4695
PBDT	25745	25443	28393	35554	32413	30762	40223	45451	41373	69305
Depreciation	8581	9031	12251	15581	16470	18117	20082	20173	16798	20121
Provisions & Capitalisations	–	(1278)	–	850	500	–	–	–	–	–
PBT	17164	17690	16142	19123	15443	12645	20141	25278	24575	49184
Tax :										
– Current	–	2450	2500	2700	2800	1600	2400	2600	850	2700
– Deferred	–	–	–	–	–	–	–	1928	2074	(263)
PAT	17164	15240	13642	16423	12643	11045	17741	20750	21651	46747
BALANCE SHEET										
What the Company owned :										
Net Block	54727	117487	132254	134190	165911	168043	152352	168076	167258	232852
Ships under construction	13108	4477	7522	10643	5163	–	9192	12950	15002	22343
Investments & net Current assets	69283	60385	58691	55213	41572	43193	37644	46065	56430	59938
TOTAL	137118	182349	198467	200046	212646	211236	199188	227091	238690	315133
What the Company owed :										
Secured loans	36758	71705	64536	62161	73405	80488	69347	79485	88553	145900
Unsecured loans	–	–	19037	21014	20067	20047	13292	13908	13533	–
Deferred Taxation (Net)	–	–	–	–	–	–	–	10072	12739	12476
TOTAL	36758	71705	83573	83175	93472	100535	82639	103465	114825	158376
Shareholders' Funds :										
Equity Share Capital	27894	28754	28756	28756	28760	25884	21778	20256	19033	19033
Preference Share Capital	–	–	–	–	–	–	9500	17000	7500	7500
Reserves & Surplus	73758	83019	87104	91141	92334	86927	87320	88031	98425	130693
Misc. Expd. (to the extent not w/off)	(1292)	(1129)	(966)	(3026)	(1920)	(2110)	(2049)	(1661)	(1093)	(469)
TOTAL	100360	110644	114894	116871	119174	110701	116549	123626	123865	156757
Debt-Equity ratio (times)	0.37	0.65	0.73	0.71	0.78	0.91	0.86	1.04	0.94	1.03

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, 2004 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 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, 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) Without qualifying our report, we draw attention to note 9(d)(ii) of schedule 22 to the Accounts regarding the provision for commission to whole-time directors amounting to Rs.240 lakhs being subject to the approval of the members at the ensuing Annual General Meeting.
 - f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004;
 - 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, 2004, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2004, 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 30, 2004

Annexure to the Auditors' Report.

Referred to in Paragraph 3 of our report of even date on the accounts of The Great Eastern Shipping Company Limited for the year ended March 31, 2004:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification were not material and have been properly dealt with in the books of account.
(c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
(b) In our opinion, the procedure followed by the management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. 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.
3. (a) 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. The Company had granted an unsecured loan to a company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum balance outstanding during the year of Rs.4.48 lakhs has been repaid during the year.
(b) In our opinion, the rate of interest and other terms and conditions of the loan given by the Company, are not prima facie not prejudicial to the interest of the Company.
(c) The payment of principal amount and interest was regular.
(d) There are no overdue amounts more than one lakh.
4. 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 inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness have been observed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered.
(b) Based on the information and explanations given to us, it is our opinion that these transactions have been made at reasonable prices having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.
8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
9. (a) 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. Except for the above the company is generally regular in depositing the statutory dues including Shore Staff Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Cess, and other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess outstanding as at the year end, for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty or Cess outstanding on account of any dispute, other than those stated in the statement attached herewith.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. According to the information and explanations given to us and the records examined by us, adequate records and documents have been maintained in respect of a loan granted by the Company on the basis of security by way of pledge of shares.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
14. In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under Section 49 of the Act.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the Company.
16. As informed to us, the term loans were applied by the Company for the purpose for which they were obtained.

17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanation given to us, we report that the Company has not utilised any funds raised on short term basis for long term investments and vice-versa.
18. The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.
19. According to the information and explanations given to us, securities have been created in respect of the debentures issued by the Company.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and the information and explanation given by the management, we report that except for a misappropriation of certain assets by an employee amounting to Rs.25 lakhs, of which Rs.21 lakhs has been recovered by the Company till date, no fraud on or by the Company has been noticed or reported during the year .

For and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

Viraf R. Mehta

Partner

Membership No: 32083

Mumbai, April 30, 2004

Statement of statutory dues outstanding on account of disputes, as on March 31, 2004, referred to in para 9(b) of the Annexure to the Auditor's Report

No.	Name of Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
1	Customs Act, 1962	Customs Duty on Stores and Spares	11.46	1999-2000	The High Court at Bombay
2	Customs Act, 1962	Redemption of fine in lieu of confiscation of vessel	7.00	1998-99	The Supreme Court of India
3	Tamilnadu General Sales Tax Act, 1959	Tax u/s 3A of the Act	100.78	1995-96 & 1996-97	The Sales Tax Appellate Tribunal, Chennai
4	Karnataka Sales Tax Act, 1957	Tax u/s 5-C of the Act	117.96	A.Y. 1998-99 to 2001-02	Special Leave Petition filed in the Supreme Court
5	Customs Act, 1962	Import Duty	30.63	2000-2001	The High Court at Bombay
6	Central Sales Tax Act, 1956	Sales Tax	4.08 4.54	A.Y. 1997-98 & 1998-99 A.Y. 1999-00 & 2000-01	The Sales tax Appellate Tribunal The Sales Tax Officer
7	Customs Act, 1962	Redemption fees for show cause notice issued by Customs department	0.50	1999-2000	The High Court at Bombay
8	Customs Act, 1962	Customs duty demand	70.37	2001-02	Customs Excise and Gold (control) Appellate Tribunal
9	Income Tax Act, 1961	TDS demand	329.72	1994	The Appellate Tribunal
10	Central Sales Tax Act, 1956	Sales tax	174.32	1995-96 to 1998-99	The Sales Tax Tribunal
11	Tamilnadu General Sales Tax Act, 1959	Lease tax	1739.50	1995-96 to 1997-98	The Appellate Assistant Commissioner
12	Maharashtra Land Revenue Code, 1966	Transfer charges on transfer of office premises under the scheme of demerger.	123.99	2002-03	The High Court at Bombay
13	Maharashtra Land Revenue Code, 1966	Transfer charges in respect of transfer of office premises in favour of the Company.	310.27	2003-04	Estate Department Joint Municipal Commissioner

Balance Sheet as at March 31, 2004.

			(Rs. in lakhs)
	Schedule		Previous Year
SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	1	26533	26533
Reserves and Surplus	2	130693	98425
		157226	124958
Loan Funds :			
Secured Loans	3	145900	88553
Unsecured Loans	4	—	13533
		145900	102086
Deferred tax liability (Net)		12476	12739
TOTAL		315602	239783
APPLICATION OF FUNDS :			
Fixed Assets :	5		
Gross Block		369891	292277
Less : Depreciation		137039	125019
Net Block		232852	167258
Ships under construction		22343	15002
		255195	182260
Investments	6	41669	19492
Current Assets, Loans and Advances :			
Inventories	7	5081	5368
Sundry Debtors	8	10836	8752
Cash and bank balances	9	21996	38685
Other current assets	10	1092	1863
Loans and advances	11	10037	4905
Incomplete voyages (Net)		96	490
		49138	60063
Less : Current Liabilities and Provisions :			
Current Liabilities	12	21154	13977
Provisions	13	9715	9148
		30869	23125
Net Current Assets		18269	36938
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14	469	1093
TOTAL		315602	239783
Significant Accounting Policies	21		
Notes on Accounts	22		

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 30, 2004.

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

R. N. Sethna

Director

Mumbai, April 30, 2004.

Profit and Loss Account for the year ended March 31, 2004.

	Schedule		(Rs. in lakhs) Previous Year
INCOME :			
Income from Operations	15	136054	97145
Other Income	16	6581	3570
		<u>142635</u>	<u>100715</u>
EXPENDITURE :			
Operating Expenses	17	61318	48438
Administration & Other Expenses	18	7317	7004
Interest & Finance charges	19	4695	3900
Depreciation		<u>20121</u>	<u>16798</u>
		<u>93451</u>	<u>76140</u>
Profit before tax		49184	24575
Less : Provision for tax :			
– current		2700	850
– deferred		<u>(263)</u>	<u>2074</u>
		<u>2437</u>	<u>2924</u>
Profit for the year after tax		46747	21651
Add : Extraordinary items & Prior period adjustments	20	<u>366</u>	<u>1078</u>
		<u>47113</u>	<u>22729</u>
Less : Transfer to Reserve under Section 33AC of the Income-tax Act, 1961		<u>24000</u>	<u>14500</u>
		<u>23113</u>	<u>8229</u>
Add : Transfer from :			
– Investment Allowance Reserve		279	550
– Reserve under Section 33AC of the Income-tax Act, 1961		12500	16300
– Debenture Redemption Reserve		<u>–</u>	<u>925</u>
		<u>12779</u>	<u>17775</u>
		<u>35892</u>	<u>26004</u>
Add : Surplus brought forward from previous year		<u>8116</u>	<u>15492</u>
Amount available for appropriations		44008	41496
Appropriations :			
– Transfer to Debenture Redemption Reserve		2275	–
– Transfer to Capital Redemption Reserve		–	10726
– Transfer to Exchange Fluctuation Reserve		2500	–
– Transfer to General Reserve		15000	13100
– Interim Dividend on Preference Shares		788	966
– Interim Dividend on Equity Shares		4758	–
– Proposed Dividend on Equity Shares		7613	7613
– Tax on Dividend		<u>1686</u>	<u>975</u>
		<u>34620</u>	<u>33380</u>
Balance Carried Forward		9388	8116
Basic and diluted earnings per share (in Rs.)		24.3	11.4
Significant Accounting Policies	21		
Notes on Accounts	22		

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 30, 2004.

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

R. N. Sethna

Director

Mumbai, April 30, 2004.

Schedules Annexed to and forming part of the Balance Sheet as at March 31, 2004.

(Rs. in lakhs)
Previous Year

SCHEDULE “1” :

SHARE CAPITAL :

AUTHORISED :

30,00,00,000	Equity Shares of Rs.10 each
20,00,00,000	Preference Shares of Rs.10 each

30000	30000
20000	20000
50000	50000

ISSUED :

19,08,73,056	Equity Shares of Rs.10 each
7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each

19087	19087
7500	7500
26587	26587

SUBSCRIBED :

19,03,30,163	Equity Shares of Rs.10 each
7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each

19033	19033
7500	7500
26533	26533

PAID-UP :

19,03,27,015	Equity Shares of Rs.10 each fully paid up
	Less : Calls in arrears (Rs.41,609)

19033	19033
—	—
19033	19033

Add : Forfeited Shares (Rs.30,358)

—	—
19033	19033

7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each
--------------------	--

7500	7500
26533	26533

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

SCHEDULE “2” :
RESERVES AND SURPLUS :

(a)	CAPITAL REDEMPTION RESERVE :		
	As per last Balance Sheet	16354	5628
	Add : Transfer from Profit and Loss Account	—	10726
		16354	16354
(b)	INVESTMENT ALLOWANCE RESERVE :		
	As per last Balance Sheet	279	829
	Less : Transfer to Profit & Loss Account	279	550
	(Reserve fully utilised towards purchase of new ships)	—	279
(c)	RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 :		
	As per last Balance Sheet	27000	28800
	Less : Transfer to Profit & Loss Account	12500	16300
		14500	12500
	Add : Transfer from Profit and Loss Account	24000	14500
		38500	27000
(d)	DEBENTURE REDEMPTION RESERVE :		
	As per last Balance Sheet	5775	6700
	Add : Transfer from Profit and Loss Account	2275	—
		8050	6700
	Less : Transfer to Profit & Loss Account	—	925
		8050	5775
(e)	EXCHANGE FLUCTUATION RESERVE :		
	Transfer from Profit and Loss Account	2500	—
(f)	SHARE PREMIUM ACCOUNT :		
	As per last Balance Sheet	15801	18582
	Less : Utilised for buy back of Equity Shares	—	2781
		15801	15801
(g)	GENERAL RESERVE :		
	As per last Balance Sheet	25100	12000
	Add : Transfer from Profit and Loss Account	15000	13100
		40100	25100
(h)	PROFIT AND LOSS ACCOUNT	9388	8116
		130693	98425

SCHEDULE “3” : SECURED LOANS :

(a) TERM LOANS –		
– From Banks	112900	59703
Secured by mortgage of specific ships		
(b) NON-CONVERTIBLE DEBENTURES* –		
(i) Secured Redeemable Non-Convertible Debentures		
of Rs. 1,00,000 each :		
– 13.75% redeemed on November 30, 2003.	–	400
– 13.75% redeemed on December 4, 2003.	–	600
– 14% redeemed on December 21, 2003.	–	750
(ii) Secured Redeemable Non-Convertible Debentures		
of Rs. 1,00,00,000 each :		
– 11.75% (part E-G) redeemable in three annual instalments		
from August 31, 2004 to August 31, 2006.	1100	1600
– 11.75% (part E-G) redeemable in three equal annual		
instalments from October, 2004 to October, 2006.	900	1200
– 11.75% (series 5-7) redeemable in three equal annual instalments		
from November 29, 2004 to November 29, 2006.	3000	3300
– 12.10% (part E-G) redeemable in three equal annual		
instalments from November 17, 2004 to November 17, 2006.	600	800
– 10.65% (series II-III) redeemable in two annual instalments		
from February 14, 2005 to February 14, 2006.	2500	3500
– 8.95% redeemable on July 07, 2007.	9000	9000
– 6.05% redeemable on September 19, 2010.	9500	–
(iii) Secured Redeemable Non-Convertible Debentures		
of Rs. 50,00,000 each :		
– 10.25% (series 3-7) redeemable in five annual instalments		
from May 25, 2004 to May 25, 2008.	6400	7700
* Secured by mortgage of specified immovable properties and ships.		
	145900	88553

SCHEDULE “4” : UNSECURED LOANS :

Floating Rate Notes	–	13533
Redeemed on October 31, 2003.		
	–	13533

SCHEDULE “5”:
FIXED ASSETS :

(Rs. in lakhs)

Particulars	COST			DEPRECIATION				NET BLOCK As at March 31, 2004	
	As at April 1, 2003	Additions for the year	Deductions for the year [Note 3(b)]	As at March 31, 2004	Upto March 31, 2003	Adjustments in respect of Assets sold/ discarded	For the year		Upto March 31, 2004
Fleet	273527 263868	97719 41581	18557 31922	352689 273527	114938 106518	6211 7446	19408 15866	128135 114938	224554 158589
Plant & Machinery : – Rigs and Barges	4418 4418	– –	– –	4418 4418	4344 4344	– –	– –	4344 4344	74 74
– Others	1287 2148	– –	967 861	320 1287	1179 2011	966 857	16 25	229 1179	91 108
Land (Freehold & Perpetual Lease)	4388 4391	– –	17 3	4371 4388	– –	– –	– –	– –	4371 4388
Land (Leasehold)	5 5	– –	– –	5 5	1 1	– –	– –	1 1	4 4
Ownership Flats and Office Premises *	4497 5953	494 –	371 1456	4620 4497	1373 1381	69 172	166 164	1470 1373	3150 3124
Furniture, Fixtures and Office Equipments	3382 3336	91 117	806 71	2667 3382	2766 2226	793 56	390 596	2363 2766	304 616
Vehicles	773 855	120 96	92 178	801 773	418 417	62 146	141 147	497 418	304 355
SUB-TOTAL	292277 284974	98424 41794	20810 34491	369891 292277	125019 116898	8101 8677	20121 16798	137039 125019	232852 167258
Ships under construction									22343 15002
									255195 182260

* 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.

* 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
Greatship (India) Ltd.	10	50,000	5	50,000	5
Deep Water Services (India) Ltd.	10	50,000	5	10,000	1
The Great Eastern Investments Ltd. (Voluntarily liquidated)	10	–	–	20,00,000	200
Associates :					
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
Great Ocean Shipping Services Ltd. of Stg. Pound 1 each		–	–	1,96,000	119
			2707		3022
Less : Provision for diminution in value of long term investments			800		800
			1907		2222
(b) CURRENT INVESTMENTS : (at lower of cost and fair value – Fully Paid)					
(i) Equity Shares : Quoted					
Vijay Textiles Ltd.	10	–	–	1,97,300	–
(ii) Mutual Funds : Unquoted					
Sold during the year :					
Alliance Cash Manager (Growth)	10	–	–	1,13,52,598	1640
Birla Cash Plus – Institutional Plan - 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
			1907		17270

c/f

SCHEDULE “6” : (CONTD.)

				Previous Year
	Face Value Rs.	No. of Units	Rs. in lakhs	No. of Units Rs. in lakhs
b/f			1907	17270
Subscribed during the year :				
Alliance Cash Institutional Plan				
- Daily Dividend	10	2,84,72,289	2847	—
Birla Cash Plus – Institutional Premium Plan				
- Dividend Reinvestment	10	3,84,09,577	3841	—
Deutsche Insta Cash Fund				
- Daily Dividend Plan	10	1,92,16,568	1978	—
DSP Merrill Lynch Liquidity Fund				
- Weekly Dividend	10	69,65,733	864	—
Grindlays Cash Fund - Institutional Plan B				
- Daily Dividend	10	1,48,76,828	1574	—
Grindlays Short Term Plan B Institutional Plan				
- Monthly Dividend	10	1,01,22,965	1031	—
HDFC Cash Management Fund - Savings Plan				
- Daily Dividend Reinvestment	10	2,31,97,245	2467	—
HDFC Liquid Fund - Premium Plus Plan				
- Dividend Reinvestment	10	2,92,10,925	3498	—
HSBC Cash Fund - Institutional - Daily Dividend	10	1,69,41,473	1768	—
HSBC Institutional Income Fund				
- Short Term Plan - Dividend	10	66,99,273	679	—
IL & FS Liquid Account - Institutional Plan				
- Dividend	10	81,72,453	817	—
ING Vysya Liquid Fund - Daily Dividend	10	1,83,23,717	1974	—
JM High Liquidity Fund - Institutional Plan				
- Dividend	10	1,14,17,846	1144	—
JM Short Term Fund - Institutional Plan				
- Dividend	10	1,78,60,196	1793	—
Kotak Liquid Institutional Premium Plan				
- Daily Dividend	10	2,00,49,320	2452	—
Prudential ICICI Liquid Institutional Plus				
- Weekly Dividend	10	3,35,74,878	3980	—
Reliance Treasury Plan - Institutional Option				
- Weekly Dividend	10	1,30,41,922	1987	—
Magnum InstaCash Fund - Dividend Plan	10	92,07,130	969	—
Sun F&C Money Value Fund - Liquid				
- Daily Dividend	10	30,26,413	303	—
Templeton India Liquid Fund - Daily Dividend Reinvestment	10	3,79,60,770	3796	—
			39762	17270
			41669	19492
Aggregate Book Value of Quoted Investments			—	—
Aggregate Book Value of Unquoted Investments			41669	19492
Market Value of Quoted Investments			—	—

SCHEDULE “7” : INVENTORIES :

(a) Fuel oil	2107	900
(b) Properties for sale	23	249
(c) Property development work-in-progress	2951	4219
	5081	5368

**SCHEDULE "8" :
SUNDRY DEBTORS :**

(Unsecured)

- (a) Debts outstanding over six months :

- Considered good
- Considered doubtful

- (b) Other Debts :

- Considered good

Less : Provision for doubtful debts

352	247
<u>173</u>	<u>179</u>
525	426
<u>10484</u>	<u>8505</u>
11009	8931
<u>173</u>	<u>179</u>
<u>10836</u>	<u>8752</u>
3	10
1293	624
<u>6371</u>	<u>24771</u>
7664	25395
14287	7776
1	1
3	—
38	4892
—	611
<u>14329</u>	<u>13280</u>
<u>21996</u>	<u>38685</u>

SCHEDULE “9” :
CASH AND BANK BALANCES :

- (a) Cash on hand

- (b) Balances with scheduled banks :

- On current account
- On deposit account

- (c) Balances with other banks :

- On call deposits with ABN AMRO Bank, London
(Maximum Balance Rs.16418 lakhs,
Previous Year Rs.34285 lakhs)
- On current account with ABN AMRO Bank, Dubai
(Maximum Balance Rs.10 lakhs,
Previous Year Rs.10 lakhs)
- On current account with ABN AMRO Bank, Singapore
(Maximum Balance Rs.10 lakhs,
Previous Year Rs.“Nil”)
- On call deposits with Citi Bank, London
(Maximum Balance Rs.4892 lakhs,
Previous Year Rs.4892 lakhs)
- On call deposits with Nedship Bank, Rotterdam
(Maximum Balance Rs.611 lakhs,
Previous Year Rs.611 lakhs)

SCHEDULE “12” : CURRENT LIABILITIES :

(a) Sundry Creditors	13687	8372
(b) Due to Subsidiary Companies	3	4
(c) Advance Charter Hire received	2932	1057
(d) Unpaid dividend *	572	315
(e) Unpaid matured fixed deposits *	5	5
(f) Other Liabilities	1233	1898
(g) Interest accrued but not due	2309	2175
(h) Managerial Remuneration payable	413	151
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
	21154	13977

SCHEDULE “13” : PROVISIONS :

(a) Provision for taxation (Net of Advance tax and tax deducted at source)	778	315
(b) Proposed Dividend	7613	7613
(c) Provision for tax on dividend	975	975
(d) Provision for Retirement leave encashment benefit	349	245
	9715	9148

SCHEDULE “14” : MISCELLANEOUS EXPENDITURE :

(to the extent not written off or adjusted)

(a) Share Issue Expenses :		
As per last Balance Sheet	23	213
Less : Amortised during the year	14	190
	9	23
(b) De-merger Expenses :		
As per last Balance Sheet	281	560
Less : Amortised during the year	281	279
	—	281
(c) Deferred Revenue Expenditure :		
As per last Balance Sheet	789	888
Add : Expenditure incurred during the year	—	316
	789	1204
Less : Amortised during the year	329	415
	460	789
	469	1093

Schedules Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2004.

(Rs. in lakhs)
Previous Year

SCHEDULE “15” :

INCOME FROM OPERATIONS :

Freight and Demurrage	43656	24976
Charter Hire	75827	61450
Contract Revenue (Gross)	9703	6235
(Income-tax deducted at source Rs.169 lakhs, Previous Year Rs.93 lakhs)		
Profit on sale of Ships	860	1598
Turnover :		
– Property Development	3483	2186
– Projects	1330	–
	4813	2186
Miscellaneous Receipts	1195	700
	136054	97145

SCHEDULE “16” :

OTHER INCOME :

Dividend :		
– from subsidiary companies	–	22
– from others	1676	–
	1676	22
Interest earned (Gross) :		
– on term deposits	754	1050
– on call deposits	107	310
– others	466	92
	1327	1452
(Income-tax deducted at source Rs.174 lakhs, Previous Year Rs.236 lakhs)		
Profit on sale of Investments :		
– Profit on sale of current Investments (Net)	271	825
– Diminution in value of current investments	(20)	–
– Loss on sale/winding up of long term investments (Net)	(64)	–
	187	825
Gain on foreign currency transactions (Net)	2970	414
Profit on sale of sundry assets (Net)	173	150
Provision for Doubtful Debts & Advances written back	36	440
Miscellaneous Income	212	267
	6581	3570

SCHEDULE “17”:
OPERATING EXPENSES :

(a) FLEET :

Direct :

Fuel Oil and Water	8053	4817
Port, Light and Canal Dues	3777	2509
Stevedoring, Despatch & Cargo Expenses	49	156
Hire of chartered ships	6915	6488
Brokerage & Commission	1330	939
Agency Fees	458	255

Others :

Wages, Bonus and Other Expenses on Floating Staff	8737	7777
Gratuity	141	133
Contribution to Provident & Other Funds	91	83
Stores	4064	2971
Repairs & Maintenance – Fleet	13358	9900
(Including Deferred Revenue Expenditure written off Rs.158 lakhs, Previous Year Rs.237 lakhs)		
Insurance & Protection Club Fees	2975	1967
Vessel Management Expenses	2059	2206
Sundry Steamer Expenses	952	823

52959

41024

(b) COST OF SALES – PROPERTY DEVELOPMENT :

Opening Stock :

– Properties for sale	249	474
– Development work-in-progress	4219	4720
	4468	5194

Add : Expenses during the year :

– Project Management Fees	1810	1283
– Other project expenses	72	16
	6350	6493

Less : Properties capitalised

	8	–
	6342	6493

Less : Closing Stock :

– Properties for sale	16	249
– Development work-in-progress	2951	4219
		2025

3375

(c) OIL & GAS DIVISION :

Manpower	349	180
Salary & Allowances	924	900
Gratuity	23	–
Contribution to Provident & Other Funds	25	24
Insurance	668	448
Repairs & Maintenance	1464	3021
Fuel, Water & Supplies	390	677
Others	1141	139

4984

5389

61318

48438

SCHEDULE “18” :

ADMINISTRATION AND OTHER EXPENSES :

(a) ADMINISTRATION EXPENSES :

Staff Expenses :

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

Rent

Insurance

Repairs and Maintenance :

- Buildings
- Others

Property Taxes

Miscellaneous Expenses

Auditors’ Remuneration (including service tax) :

- Audit Fees
- In Other Capacity :
 - Tax Audit
 - Taxation
 - Certification & other services

Donations

Directors’ Fees

(b) OTHER EXPENSES :

- Share issue expenses written off
- Expenses on buy back of shares written off
- De-merger expenses written off
- Doubtful debts and advances written off

3199		2849
135		188
123		110
250		196
	3707	3343
	37	49
	32	68
69		90
81		83
	150	173
	12	16
	2818	2607
19		18
2		2
10		6
16		13
	47	39
	127	12
	6	6
14		190
–		22
281		279
86		200
	381	691
	7317	7004

(Rs. in lakhs)
Previous Year

SCHEDULE “19”: INTEREST AND FINANCE CHARGES :

Interest :

- Fixed Loans
- Other Loans

Finance charges

Less : Pre-delivery interest capitalised

4682	3835
144	67
128	148
4954	4050
259	150
4695	3900

SCHEDULE “20” : EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS :

Excess provisions written back

Sundry balances written back

Excess provision for dividend in previous year
(including tax on dividend)

Income tax refunds for prior years

177	1731
–	100
–	7
405	–
582	1838

Less :

Expenses of prior years

216	37
366	1801

Less : Provision for tax :

- current
- deferred

–	130
–	593
–	723
366	1078

SCHEDULE “21” :

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 lower of cost and realisable value

(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 :

Expenditure incurred upto March 31, 2003 are amortised as under:

- (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) 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 the percentage of completion basis, based on costs incurred and the expected costs to completion.

(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 adjusters.

(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

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

(vi) In case of assets depreciated under the straight line method, 95% of the original cost is written off over the estimated useful life. However, if an asset continues in operation beyond the useful life, as estimated by the management, the balance cost is depreciated in the subsequent year.

(l) 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.

(vi) Currency swaps outstanding at the end of the year are translated at contract rates, when covered by forward exchange contracts and at year end rates in other cases. The gain or loss on repayment and translation thereof is dealt with in the Profit and Loss Account except where the underlying loans relate to acquisition of fixed assets, the same is adjusted to the carrying cost of such fixed assets. The unrealised gains or losses arising on revaluation are included under Loans and Advances/other liabilities.

(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 effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

SCHEDULE “22”:

NOTES ON ACCOUNTS :

1. Contingent Liabilities :

- (a) Guarantees given by Banks, counter guaranteed by the Company – Rs.3232 lakhs [Previous Year Rs.3209 lakhs] including guarantee given on behalf of a subsidiary company – Rs.428 lakhs [Previous Year Rs.458 lakhs].
- (b) Corporate guarantees given by the Company – Rs.4535 lakhs [Previous Year Rs.535 lakhs] including guarantee given on behalf of a subsidiary company – Rs.4000 lakhs [Previous Year Rs.“Nil”].
- (c) Income tax, Sales tax, Lease tax, Customs duty and ESIC demands against which the Company has preferred appeals- Rs.2595 lakhs [Previous Year Rs.510 lakhs].
- (d) Claims against the Company not acknowledged as debt against which the Company has preferred appeals/ made representations - Rs.514 lakhs [Previous Year Rs.“Nil”].
- (e) Letters of credit outstanding - Rs.24 lakhs [Previous Year Rs.864 lakhs].
- (f) Demand from the Office of the Collector & District Magistrate, Mumbai City and from Brihanmumbai Mahanagarpalika towards transfer charges for transfer of premises not acknowledged by the Company. – Rs.434 lakhs [Previous Year Rs.124 lakhs].

2. Share Capital :

- (a) 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 respective dates of allotment viz. January 21, 2002 and February 13, 2002 or earlier at the option of the Company after the expiry of 30 months thereof.
- (b) Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 – the allotment of 3,79,992 [Previous Year 3,79,992] right equity shares of the Company have been kept in abeyance in accordance with Section 206 A of the Companies Act, 1956, till such time as the title of the bonafide owner is certified by the concerned Stock Exchanges. An additional 50,760 [Previous Year 50,760] shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange.

3. Fixed Assets :

- (a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs.90989 lakhs [Previous Year Rs.68543 lakhs].
- (b) The amount of exchange gain 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 from the carrying amount of fixed assets during the year is Rs.8948 lakhs [Previous Year Rs.2295 lakhs].
- (c) The deed of assignment in respect of the Company's Leasehold property at Worli is yet to be transferred in the name of the Company.

4. Investments :

The Company's wholly owned subsidiary The Great Eastern Investments Ltd. has been voluntarily wound up by the members pending receipt of the final order from the High Court, Mumbai. The proceeds received from the liquidator on distribution have been adjusted towards the cost of the investment and the surplus on final distribution credited to the profit and loss account.

5. Current Assets, Loan and Advances :

- (a) Property development work-in-progress includes properties costing Rs.653 lakhs [Previous Year Rs.845 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.“Nil” [Previous Year - Rs.65 lakhs], maximum amount due during the year – Rs.65 lakhs. The said loans have been granted under the Company's housing loan scheme for the employees.

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

7. Current Liabilities :

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

8. The Company has changed its accounting policy :

- pursuant to revised Accounting Standard (AS) 7 “Construction Contracts” becoming mandatory for revenue recognition on long term turnkey offshore projects on percentage completion basis.
- pursuant to Accounting Standard (AS) 26 “Intangible Assets” becoming mandatory for Deferred Revenue Expenditure in respect of expenditure incurred after April 1, 2003.

There is no material impact of these changes on the profits for the year.

9. 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.210 lakhs [Previous Year Rs.431 lakhs].
- (b) Dividend income comprises of dividend on long term investments – Rs.“Nil” [Previous Year Rs.22 lakhs] and on current investments Rs.1676 lakhs [Previous Year Rs.“Nil”].
- (c) The Company has entered into a forward agreement in respect of one of its Handymax bulk carrier as a hedging mechanism, for the period January to December 2004 at a predetermined rate. The contract is being settled at the end of each month and the resultant gain or loss is accounted under freight/ charter hire income. The gain or loss with respect to the unsettled position of the contract for the period April to December 2004 cannot be currently ascertained.
- (d) (i) Managerial Remuneration paid/payable to Directors for the year is as follows:

	(Rs. in lakhs)	
		Previous Year
(a) Salaries	194	194
(b) Contribution to Provident and Superannuation funds	53	53
(c) Leave encashment	6	27
(d) Perquisites	6	11
(e) Commission	413	151
TOTAL :	672	436

- (ii) Commission includes a provision of Rs.240 lakhs towards commission payable to whole-time directors which is subject to the approval of the members in the ensuing Annual General Meeting.
- (iii) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 for calculation of the Commission payable to Directors :

	(Rs. in lakhs)	
		Previous Year
Profit for the year before tax	49184	24575
Add / (Less) :		
Managerial Remuneration	672	436
Directors' fees	6	6
Extraordinary items and prior period adjustments (excluding Income Tax adjustments)	(39)	1801
Depreciation as per books	20121	16798
	20760	19041
c/f.....	69944	43616

(Rs. in lakhs)

Previous
Year

43616

b/f.....

69944

Less :

Profit on sale of investments

187

825

Provision for doubtful debts and advances w/back

36

440

Depreciation u/s 350 of the Companies Act, 1956

20121

16798

Capital profit on sale of Sundry Assets & Investments

195

13

Capital profit on sale of ships

—

833

20539

18909

Net Profit as per Section 349 of the Companies Act, 1956.

49405

24707

11% of Net Profit as computed above

5435

2718

Commission Payable (as approved by the Board of Directors)

413

151

Total Managerial remuneration (including commission)

672

436

10. Basic and diluted earnings per share :

(a) Profit for the year after tax

46747

21651

Add : Extraordinary items and prior
period adjustments**366**

1078

47113

22729

Less : Interim dividend on Preference Shares

787

966

Tax on interim dividend on Preference Shares

101

—

Net Profit after tax for Equity Shareholders

46225

21763

(b) Number of Equity shares as on April 1, 2003

19,03,27,015

20,25,63,786

Add : Shares allotted out of abeyance quota

—

20,898

19,03,27,015

20,25,84,684

Less : Shares extinguished on buy back

—

1,22,57,669

Number of Equity shares as on March 31, 2004

19,03,27,015

19,03,27,015

Weighted average number of Equity Shares
outstanding during the year**19,03,27,015**

19,15,74,966

(c) Face value of Equity Share

Rs.10

Rs.10

(d) Basic and diluted earnings per share (including
Extraordinary items and Prior period adjustments)**Rs.24.3**

Rs.11.4

(e) Basic and diluted earnings per share (excluding
Extraordinary items and Prior period adjustments)**Rs.24.1**

Rs.10.8

11. 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 :								
Total Revenue	101385	70813	32197	24472	9053	5430	142635	100715
Less: Inter Segment Revenue	—	—	—	—	—	—	—	—
Net Revenue	101385	70813	32197	24472	9053	5430	142635	100715
RESULTS :								
Profit / (Loss) before tax and interest	38206	20995	13204	7157	4868	2347	56278	30499
Less: Interest							4695	3900
Less: Unallocated expenditure							2399	2024
Total Profit before tax							49184	24575
Provision for tax :								
– current							2700	850
– deferred							(263)	2074
Profit for the year after tax							46747	21651
Extraordinary items & Prior period adjustments (net of tax)							366	1078
Net Profit							47113	22729
OTHER INFORMATION :								
Assets	212406	147837	56807	41230	77258	73053	346471	262120
Liabilities	113994	84855	23898	19910	51353	32397	189245	137162
Capital Expenditure	90303	35308	7416	6273	705	213	98424	41794
Depreciation	16803	13429	2621	2467	697	902	20121	16798
Amortisation and other non cash expenditures	252	237	40	35	332	534	624	806

(b) Secondary segment reporting by geographical segment :

(i) Segment-wise Revenue from Operations & Sales :

(Rs. in lakhs)

Revenue from customers outside India
Revenue from customers within India
Total

	Current Year	Previous Year
Revenue from customers outside India	76834	40539
Revenue from customers within India	65801	60176
Total	142635	100715

(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.

12. Deferred tax :

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

	(Rs. in lakhs)
	As on
	31.3.2004
	As on
	31.3.2003
Deferred tax liabilities :	
Difference between book and tax depreciation	13142
Pre-delivery interest	56
Deferred revenue expenditure on hold blasting & painting	126
	<u>13324</u>
Deferred tax assets :	
Expenditure disallowable under Section 43B	166
Diminution in value of investments	317
Provision for doubtful debts and advances (Net)	102
	<u>585</u>
Net deferred tax liability	<u>12739</u>

13. 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

Greatship (India) Ltd.

Deep Water Services (India) Ltd.

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

Associates :

Business Standard Ltd.

P&O Travels Pvt. 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
Sale of goods	70	—	—	—	—	—	—	—	—	—
Income earned on services rendered	1049	201	—	—	—	—	—	—	—	—
Expenditure on services received	524	336	594	558	3	—	—	—	—	—
Interest income	66	—	—	1	1	3	—	—	—	—
Dividend Income	—	22	—	—	—	—	—	—	—	—
Finance received (including loans and equity contributions)	284	593	4	10	65	3	—	—	—	—
Finance provided (including loans and equity contributions)	1219	314	60	—	—	—	—	—	—	—
Purchase of fixed assets	—	—	—	—	—	—	—	—	—	5
Remuneration	—	—	—	—	619	404	8	8	—	—
Guarantees given	4428	458	—	—	—	—	—	—	—	—
Outstanding balance as on 31-03-2004										
Receivables	1556	317	54	4	12	—	—	—	—	—
Payables	3	4	—	28	—	—	—	—	—	—
Reimbursement of deposits placed on behalf of Company	—	505	—	—	—	—	—	—	—	—
Balances Written Off	—	70	—	—	—	—	—	—	—	—

14. 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.46/4/2004/CL-III dated April 6, 2004.
15. Previous Year's figures have been regrouped wherever necessary to conform to current year's classification.

16. Particulars of investments Purchased and Sold during the year :-

	No. of Units	Face Value (Rs.)	Purchase Cost (Rs. in lakhs)
LIQUID FUNDS :			
Alliance Cash Manager - Dividend	5,80,14,111	10	6096
Birla Cash Plus Institutional Plan - Dividend Reinvestment	7,16,72,666	10	7731
Deutsche Insta Cash Plus Fund - Dividend Plan	2,69,85,858	10	2758
DSP Merrill Lynch Liquidity Fund - Weekly Dividend	2,49,84,206	10	3100
Grindlays - Cash Plan - Dividend	7,55,60,603	10	7874
HDFC Liquid Fund - Dividend Reinvestment	13,52,41,543	10	15106
HSBC Cash Fund - Dividend	3,30,53,527	10	3408
IL & FS Liquid Account - Dividend Plan	2,40,74,915	10	2407
ING Vysya Liquid Fund - Daily Dividend Option	2,84,29,646	10	3061
JM High Liquidity Fund - Dividend	5,47,66,199	10	5661
Kotak Mahindra Liquid Institutional Plan - Dividend	5,42,35,087	10	5998
Prudential ICICI Institutional Liquid Plan - Dividend Option	12,39,26,988	10	14684
Reliance Liquid Fund Treasury Plan - Dividend Option	5,44,04,039	10	6269
SBI Magnum Instacash Fund - Dividend Plan	75,96,620	10	800
Sun F&C Money Value Fund - Liquid-Daily Dividend	5,03,93,836	10	5039
Templeton India Liquid Fund - Dividend Reinvestment	5,65,31,256	10	5655
Zurich India Liquid Fund - Dividend	2,30,46,999	10	2451
SHORT TERM FUNDS :			
Alliance Short Term Fund - Dividend	4,35,92,246	10	4374
Birla Bond Plus Institutional Plan - Dividend Reinvestment	2,74,34,728	10	2873
Deutsche short Maturity Fund - Dividend Plan	94,18,105	10	966
Grindlays - Short Term Plan - Dividend	4,54,33,400	10	4677
HDFC Short Term Plan - Dividend Reinvestment	4,21,76,856	10	4537
HSBC Institutional Income Fund - Short Term Plan - Dividend	58,92,983	10	604
JM Short Term Fund - Dividend	2,32,56,187	10	2345
Kotak Bond Short Term Plan - Dividend	2,61,37,596	10	2643
Templeton India Short Term Income Plan Weekly Dividend	3,78,043	1,000	4125

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details :

Registration No.

6	4	7	2	o	f	1	9	4	8
---	---	---	---	---	---	---	---	---	---

State Code

								1	1
--	--	--	--	--	--	--	--	---	---

Balance Sheet Date

3	1	-	0	3	-	2	0	0	4
---	---	---	---	---	---	---	---	---	---

II. Capital Raised during the year :

Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Rights Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds :

Amount (Rs. in lakhs)

Total Liabilities

						3	4	6	4	7	1
--	--	--	--	--	--	---	---	---	---	---	---

Total Assets

						3	4	6	4	7	1
--	--	--	--	--	--	---	---	---	---	---	---

Sources of Funds :

Paid-up Capital

						2	6	5	3	3
--	--	--	--	--	--	---	---	---	---	---

Reserves & Surplus

						1	3	0	6	9	3
--	--	--	--	--	--	---	---	---	---	---	---

Secured Loans

						1	4	5	9	0	0
--	--	--	--	--	--	---	---	---	---	---	---

Unsecured Loans

									-		
--	--	--	--	--	--	--	--	--	---	--	--

Deferred Taxation (Net)

						1	2	4	7	6
--	--	--	--	--	--	---	---	---	---	---

Application of Funds :

Net Fixed Assets

						2	5	5	1	9	5
--	--	--	--	--	--	---	---	---	---	---	---

Investments

						4	1	6	6	9
--	--	--	--	--	--	---	---	---	---	---

Net Current Assets

						1	8	2	6	9
--	--	--	--	--	--	---	---	---	---	---

Misc. Expenditure

								4	6	9
--	--	--	--	--	--	--	--	---	---	---

Accumulated Losses

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

IV. Performance of Company :

Amount (Rs. in lakhs)

Turnover

						1	4	2	6	3	5
--	--	--	--	--	--	---	---	---	---	---	---

Total Expenditure

						9	3	4	5	1
--	--	--	--	--	--	---	---	---	---	---

Profit/(Loss) Before Tax

						4	9	1	8	4
--	--	--	--	--	--	---	---	---	---	---

Profit/(Loss) After Tax

						4	6	7	4	7
--	--	--	--	--	--	---	---	---	---	---

Earning Per Share (In Rs.)

							2	4	.	3
--	--	--	--	--	--	--	---	---	---	---

Dividend Rate (%)

								6	5
--	--	--	--	--	--	--	--	---	---

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, 2004.

	(Rs. in lakhs)	
	Previous Year	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	49184	24575
Adjustments For :		
Extraordinary and Prior year adjustments	366	1801
Depreciation	20121	16798
Interest earned	(1327)	(1452)
Interest paid	4695	3900
Dividend received	(1676)	(22)
(Profit)/Loss on investments (Net)	(187)	(825)
(Profit)/Loss on sale of sundry assets	(173)	(150)
Share issue expenses written off	14	190
De-merger expenses written off	281	279
Expenses on buy back of shares written off	–	22
Doubtful debts & advances written off/provided	51	(240)
Revenue expenditure deferred	–	(316)
Deferred revenue expenditure written off	329	415
Foreign Exchange	(985)	167
Operating profit before working capital changes	70693	45142
Adjustments For :		
Trade & Other Receivables	(4370)	(1254)
Inventories	287	659
Incomplete Voyages (Net)	394	(510)
Trade Payables	7078	(1000)
Cash Generated From Operations	74082	43037
Tax Paid	(2237)	(862)
Net cash flow from operating activities	71845	42175
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(114379)	(45766)
*Sale proceeds of fixed assets	12882	25963
Purchase of Investments	(165030)	(69444)
Sale proceeds of Investments	143040	61635
Interest received	1625	1354
Dividend received	1676	22
Term Deposits with Companies	4	10
Net cash from/(used in) investing activities	(120182)	(26226)

(Rs. in lakhs)
Previous Year

C. CASH FLOW FROM FINANCING ACTIVITIES :

Proceeds from issue of equity shares from abeyance quota	—	2
Redemption of preference shares	—	(9500)
Buy back of equity share capital	—	(1226)
Premium on buy back of equity share capital	—	(2781)
Proceeds from long term borrowings	80308	23333
Repayments of long term borrowings	(28718)	(12746)
Dividend paid	(12902)	(8542)
Tax on Dividend paid	(1686)	—
Interest paid	(4901)	(3859)
Expenses on buy back of shares	—	(22)
Net cash used in financing activities :	32101	(15341)
Net increase/(decrease) in cash and cash equivalents :	(16236)	608
Cash and cash equivalents as at April 1, 2003 (See note below)	38428	37820
Cash and cash equivalents as at March 31, 2004 (See note below)	22192	38428

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

Note :

Cash and cash equivalent as on	March 31, 2004	March 31, 2003
Cash and Bank Balances	21996	38685
Effect of exchange rate changes [Loss/(gain)]	196	(257)
Cash and cash equivalents as restated	22192	38428

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, April 30, 2004.

For and on behalf of the Board

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

Mumbai, April 30, 2004.

unison



unison

Consolidated Accounts

Report of the Auditors to the Board of Directors of The Great Eastern Shipping Company Limited 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, 2004, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended. These consolidated financial statements are the responsibility of the management of The Great Eastern Shipping Company Limited. 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. 2279 lakhs as at March 31, 2004, total revenues of Rs.1902 lakhs and net profit of Rs.639 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, insofar 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 the associates, which reflect net losses for the year of Rs.320 lakhs were not audited as on the date of this report. The Company's share of losses thereof amounting to Rs.101 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 and Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, 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 and its subsidiaries and the unaudited results of the associates included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on the individual audited financial statements of The Great Eastern Shipping Company Limited and its aforesaid subsidiaries, 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, 2004;

- 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

Viraf R. Mehta

Partner

Membership No.: 32083

Mumbai, April 30, 2004.

Consolidated Balance Sheet as at March 31, 2004.

	Schedule		(Rs. in lakhs) Previous Year
SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	1	26533	26533
Reserves and Surplus	2	127583	98503
		154116	125036
Loan Funds :			
Secured Loans	3	149900	88553
Unsecured Loans	4	—	13533
		149900	102086
Deferred tax liability (Net)		12677	12739
TOTAL		316693	239861
APPLICATION OF FUNDS :			
Fixed Assets :	5		
Gross Block		371961	293652
Less: Depreciation		138159	126077
Net Block		233802	167575
Ships under construction		22343	15002
		256145	182577
Investments	6	39974	17700
Current Assets, Loans and Advances :			
Inventories	7	5079	5368
Sundry Debtors	8	11219	8783
Cash and bank balances	9	24671	40538
Other current assets	10	1052	1911
Loans and advances	11	9177	4661
Incomplete voyages (Net)		96	490
		51294	61751
Less : Current Liabilities and Provisions :			
Current Liabilities	12	21448	14167
Provisions	13	9741	9149
		31189	23316
Net Current Assets		20105	38435
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14	469	1149
TOTAL		316693	239861
Significant Accounting Policies	21		
Notes on Accounts	22		

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 30, 2004.

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
R. N. Sethna Director

Mumbai, April 30, 2004.

Consolidated Profit And Loss Account for the year ended March 31, 2004.

	Schedule		(Rs. in lakhs) Previous Year
INCOME :			
Income from Operations	15	139907	99786
Other Income	16	7137	3597
		<u>147044</u>	<u>103383</u>
EXPENDITURE :			
Operating Expenses	17	68095	51236
Administration & Other Expenses	18	7515	7191
Interest & Finance charges	19	4776	3907
Depreciation		20269	16835
Share in loss of Associates		101	70
		<u>100756</u>	<u>79239</u>
Profit before tax		46288	24144
Less: Provision for tax :			
– Current		2750	854
– Deferred		(62)	2074
		<u>2688</u>	<u>2928</u>
Profit for the year after tax		43600	21216
Add: Extraordinary items & Prior period adjustments	20	360	1078
		<u>43960</u>	<u>22294</u>
Less: Transfer to Reserve under Section 33AC of the Income-tax Act, 1961		24000	14500
		<u>19960</u>	<u>7794</u>
Add: Transfer from :			
– Investment Allowance Reserve		279	550
– Reserve under Section 33AC of the Income-tax Act, 1961		12500	16300
– Debenture Redemption Reserve		–	925
		<u>12779</u>	<u>17775</u>
		<u>32739</u>	<u>25569</u>
Add: Surplus brought forward from previous year		9552	17363
Amount available for appropriations		<u>42291</u>	<u>42932</u>
Appropriations :			
– Transfer to Debenture Redemption Reserve		2275	–
– Transfer to Capital Redemption Reserve		–	10726
– Transfer to Exchange Fluctuation Reserve		2500	–
– Transfer to General Reserve		15000	13100
– Interim Dividend on Preference Shares		788	966
– Interim Dividend on Equity Shares		4758	–
– Proposed Dividend on Equity Shares		7613	7613
– Tax on Dividend		1686	975
		<u>34620</u>	<u>33380</u>
Balance Carried Forward		7671	9552
Basic and diluted earnings per share (in Rs.)		22.6	11.1
Significant Accounting Policies	21		
Notes on Accounts	22		

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 30, 2004.

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
R. N. Sethna Director

Mumbai, April 30, 2004.

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2004.

(Rs. in lakhs)
Previous Year

SCHEDULE “1” :

SHARE CAPITAL :

AUTHORISED :

30,00,00,000	Equity Shares of Rs.10 each
20,00,00,000	Preference Shares of Rs.10 each

30000	30000
20000	20000
50000	50000

ISSUED :

19,08,73,056	Equity Shares of Rs.10 each
7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each

19087	19087
7500	7500
26587	26587

SUBSCRIBED :

19,03,30,163	Equity Shares of Rs.10 each
7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each

19033	19033
7500	7500
26533	26533

PAID-UP :

19,03,27,015	Equity Shares of Rs.10 each fully paid up
	Less: Calls in arrears (Rs.41,609)

19033	19033
—	—
19033	19033

Add: Forfeited Shares (Rs.30,358)

—	—
19033	19033

7,50,00,000	10.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs.10 each
--------------------	--

7500	7500
26533	26533

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

SCHEDULE “2” :

RESERVES AND SURPLUS :

(a) CAPITAL REDEMPTION RESERVE :		
As per last Balance Sheet	16354	5628
Add: Transfer from Profit and Loss Account	–	10726
	16354	16354
(b) INVESTMENT ALLOWANCE RESERVE :		
As per last Balance Sheet	279	829
Less: Transfer to Profit & Loss Account	279	550
(Reserve fully utilised towards purchase of new ships)	–	279
(c) RESERVE UNDER SECTION 33AC OF THE INCOME TAX ACT, 1961 :		
As per last Balance Sheet	27000	28800
Less: Transfer to Profit & Loss Account	12500	16300
	14500	12500
Add: Transfer from Profit and Loss Account	24000	14500
	38500	27000
(d) DEBENTURE REDEMPTION RESERVE :		
As per last Balance Sheet	5775	6700
Add: Transfer from Profit and Loss Account	2275	–
	8050	6700
Less: Transfer to Profit & Loss Account	–	925
	8050	5775
(e) DIVIDEND EQUALISATION RESERVE :		
As per last Balance Sheet	18	19
(f) EXCHANGE FLUCTUATION RESERVE :		
Transfer from Profit & Loss Account	2500	–
(g) SHARE PREMIUM ACCOUNT :		
As per last Balance Sheet	15801	18582
Less: Utilised for buy back of Equity Shares	–	2781
	15801	15801
(h) GENERAL RESERVE :		
As per last Balance Sheet	23723	12000
Less: Post acquisition loss in Associates	–	1309
Less: Loss on translation of foreign currency balances	34	68
	23689	10623
Add: Transfer from Profit and Loss Account	15000	13100
	38689	23723
(i) PROFIT AND LOSS ACCOUNT		
	7671	9552
	127583	98503

SCHEDULE “3” :

SECURED LOANS :

(a) TERM LOANS :			
	– From Banks	116900	59703
	Secured by mortgage of specific ships and rigs		
(b) NON-CONVERTIBLE DEBENTURES*:			
(i) Secured Redeemable Non-Convertible Debentures of Rs.1,00,000 each :			
	– 13.75% redeemed on November 30, 2003.	–	400
	– 13.75% redeemed on December 4, 2003.	–	600
	– 14.00% redeemed on December 21, 2003.	–	750
(ii) Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each :			
	– 11.75% (part E-G) redeemable in three annual instalments from August 31, 2004 to August 31, 2006.	1100	1600
	– 11.75% (part E-G) redeemable in three equal annual instalments from October, 2004 to October, 2006.	900	1200
	– 11.75% (series 5-7) redeemable in three equal annual instalments from November 29, 2004 to November 29, 2006.	3000	3300
	– 12.10% (part E-G) redeemable in three equal annual instalments from November 17, 2004 to November 17, 2006.	600	800
	– 10.65% (series II-III) redeemable in two annual instalments from February 14, 2005 to February 14, 2006.	2500	3500
	– 8.95% redeemable on July 07, 2007.	9000	9000
	– 6.05% redeemable on September 19, 2010.	9500	–
(iii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each :			
	– 10.25% (series 3-7) redeemable in five annual instalments from May 25, 2004 to May 25, 2008.	6400	7700
* Secured by mortgage of specified immovable properties and Ships			
		149900	88553

SCHEDULE “4” :

UNSECURED LOANS :

Floating Rate Notes	–	13533
Redeemed on October 31, 2003.	–	13533

SCHEDULE “5” :
FIXED ASSETS :

(Rs. in lakhs)

Particulars	COST				DEPRECIATION			NET BLOCK	
	As at April 1, 2003	Additions for the year	Deductions for the year [Note 3(b)]	As at March 31, 2004	Upto March 31, 2003	Adjustments in respect of Assets sold/ discarded	For the year		Upto March 31, 2004
Fleet	274828	97731	18661	353898	115935	6290	19408	129053	224845
	268775	41412	35359	274828	109762	9724	15897	115935	158893
Plant & Machinery :									
– Rigs and Barges	4418	–	–	4418	4344	–	–	4344	74
	4418	–	–	4418	4344	–	–	4344	74
– Others	1287	794	970	1111	1179	966	160	373	738
	2148	–	861	1287	2011	857	25	1179	108
Land	4388	–	17	4371	–	–	–	–	4371
(Freehold & Perpetual Lease)	4391	–	3	4388	–	–	–	–	4388
Land (Leasehold)	5	–	–	5	1	–	–	1	4
	5	–	–	5	1	–	–	1	4
Ownership Flats and Office Premises *	4497	494	371	4620	1373	69	166	1470	3150
	5953	–	1456	4497	1381	172	164	1373	3124
Furniture, Fixtures and Office Equipments	3414	95	811	2698	2792	797	392	2387	311
	3368	118	72	3414	2250	57	599	2792	622
Vehicles	815	120	95	840	453	65	143	531	309
	898	95	178	815	451	148	150	453	362
SUB-TOTAL	293652	99234	20925	371961	126077	8187	20269	138159	233802
	289956	41625	37929	293652	120200	10958	16835	126077	167575
Ships under construction									22343
									15002
									256145
									182577

* 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.

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SCHEDULE “6” :

INVESTMENTS :

	Face Value Rs.	No. of Units	Rs. in lakhs	No. of Units	Rs. in lakhs
(a) LONG TERM INVESTMENTS :					
(at cost – Fully Paid)					
Equity Shares: Unquoted					
Associates :					
P & O Travels India Ltd.	10	8,75,000	100	8,75,000	100
Business Standard Ltd.	10	1,67,85,787	112	1,67,85,787	211
Great Ocean Shipping Services Ltd. of Stg. Pound 1 each		–	–	1,96,000	119
			212		430
(b) CURRENT INVESTMENTS :					
(at lower of cost and fair value – Fully Paid)					
Equity Shares : Quoted					
Vijay Textiles Ltd.	10	–	–	1,97,300	–
Mutual Funds : Unquoted					
Sold during the year :					
Alliance Cash Manager (Growth)	10	–	–	1,13,52,598	1640
Birla Cash Plus – Institutional Plan-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
Subscribed during the year :					
Alliance Cash Institutional Plan - Daily Dividend	10	2,84,72,289	2847	–	–
Birla Cash Plus - Institutional Premium Plan - Dividend Reinvestment	10	3,84,09,577	3841	–	–
Deutsche Insta Cash Fund - Daily Dividend Plan	10	1,92,16,568	1978	–	–
DSP Merrill Lynch Liquidity Fund - Weekly Dividend	10	69,65,733	864	–	–
Grindlays Cash Fund - Institutional Plan B - Daily Dividend	10	1,48,76,828	1574	–	–
Grindlays Short Term Plan B Institutional Plan - Monthly Dividend	10	1,01,22,965	1031	–	–
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	2,31,97,245	2467	–	–
HDFC Liquid Fund - Premium Plus Plan - Dividend Reinvestment	10	2,92,10,925	3498	–	–
c/f			18100		17270

SCHEDULE “6” : (Contd.)

			Previous Year	
	Face Value Rs.	No. of Units	Rs. in lakhs	No. of Units
	c/f			Rs. in lakhs
HSBC Cash Fund - Institutional - Daily Dividend	10	1,69,41,473	1768	—
HSBC Institutional Income Fund - Short Term Plan - Dividend	10	66,99,273	679	—
IL & FS Liquid Account - Institutional Plan - Dividend	10	81,72,453	817	—
ING Vysya Liquid Fund - Daily Dividend	10	1,83,23,717	1974	—
JM High Liquidity Fund - Institutional Plan - Dividend	10	1,14,17,846	1144	—
JM Short Term Fund - Institutional Plan - Dividend	10	1,78,60,196	1793	—
Kotak Liquid Institutional Premium Plan - Daily Dividend	10	2,00,49,320	2452	—
Prudential ICICI Liquid Institutional Plus Weekly Dividend	10	3,35,74,878	3980	—
Reliance Treasury Plan - Institutional Option - Weekly Dividend	10	1,30,41,922	1987	—
Magnum InstaCash Fund - Dividend Plan	10	92,07,130	969	—
Sun F&C Money Value Fund - Liquid - Daily Dividend	10	30,26,413	303	—
Templeton India Liquid Fund - Daily Dividend Reinvestment	10	3,79,60,770	3796	—
			39762	17270
			39974	17700
Aggregate Book Value of Quoted Investments			—	—
Aggregate Book Value of Unquoted Investments			39974	17700
Market Value of Quoted Investments			—	—

SCHEDULE “7” :

INVENTORIES :

(a) Fuel oils	2105	900
(b) Properties for sale	23	249
(c) Property development work-in-progress	2951	4219
	5079	5368

SCHEDULE “8” :

SUNDRY DEBTORS :

(Unsecured)

(a) Debts outstanding over six months :

– Considered good	352	247
– Considered doubtful	173	179
	525	426

(b) Other Debts :

– Considered good	10867	8536
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	11392	8962
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Less : Provision for doubtful debts	173	179
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	11219	8783
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(Rs. in lakhs)

Previous Year

SCHEDULE “9” :

CASH AND BANK BALANCES :

(a) Cash on hand	3	10
(b) Balances with scheduled banks :		
– On current account	2865	1823
– On deposit account	6371	24971
	9236	26794
(c) Balances with other banks :		
– On call deposits with ABN AMRO Bank, London (Maximum Balance Rs. 17552 lakhs, Previous Year Rs. 34285 lakhs)	14874	7776
– On current account with ABN AMRO Bank, Dubai (Maximum Balance Rs. 10 lakhs, Previous Year Rs. 10 lakhs)	1	50
– On current account with ABN AMRO Bank, Singapore (Maximum Balance Rs. 10 lakhs, Previous Year Rs. “Nil”)	3	–
– On call deposits with Citi Bank, London (Maximum Balance Rs. 4892 lakhs, Previous Year Rs. 4892 lakhs)	38	4892
– On call deposits with Nedship Bank, Rotterdam (Maximum Balance Rs. 611 lakhs, Previous Year Rs. 611 lakhs)	–	611
– On term deposits with DBS Bank Ltd., Singapore (Maximum Balance Rs. 118 lakhs, Previous Year Rs. 121 lakhs)	118	121
– On current account with DBS Bank Ltd., Singapore (Maximum Balance Rs. 200 lakhs, Previous Year Rs. 103 lakhs)	200	103
– On current account with The Royal Bank of Scotland Plc, London (Maximum Balance Rs. 198 lakhs, Previous Year Rs. 266 lakhs)	198	181
	15432	13734
	24671	40538

SCHEDULE “13” :

PROVISIONS :

(a) Provision for taxation (Net of Advance tax and tax deducted at source)	804	316
(b) Proposed Dividend	7613	7613
(c) Provision for tax on dividend	975	975
(d) Provision for Retirement leave encashment benefit	349	245
	9741	9149

SCHEDULE “14” :

MISCELLANEOUS EXPENDITURE :

(to the extent not written off or adjusted)

(a) Share Issue Expenses :		
As per last Balance Sheet	23	213
Less : Amortised during the year	14	190
	9	23
(b) De-merger Expenses :		
As per last Balance Sheet	281	560
Less: Amortised during the year	281	279
	—	281
(c) Deferred Revenue Expenditure :		
As per last Balance Sheet	845	888
Add : Expenditure incurred during the year	—	372
	845	1260
Less : Amortised during the year	385	415
	460	845
	469	1149

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2004.

(Rs. in lakhs)
Previous Year

SCHEDULE “15” :

INCOME FROM OPERATIONS :

Freight and Demurrage	43656	26736
Charter Hire	77003	61920
Contract Revenue (Gross)	12344	6235
(Income-tax deducted at source Rs. 193 lakhs, Previous Year Rs. 93 lakhs)		
Profit on sale of Ships	860	1920
Turnover :		
– Property Development	3483	2186
– Projects	1330	–
	4813	2186
Miscellaneous Receipts	1231	789
	139907	99786

SCHEDULE “16” :

OTHER INCOME :

Dividend	1704	–
Interest earned (Gross) :		
– On Term Deposits	689	1077
– On Call deposit	107	310
– Others	493	93
	1289	1480
(Income-tax deducted at source Rs. 174 lakhs, Previous Year Rs. 236 lakhs)		
Profit on sale of investments :		
– Profit on sale of current investments (net)	271	825
– Diminution in value of current investments	(20)	–
– Loss on sale/winding up of long term investments (net)	(64)	–
	187	825
Gain on foreign currency transactions (net)	3533	431
Profit on sale of sundry assets (net)	173	150
Provision for doubtful debts & advances written back	36	440
Miscellaneous Income	215	271
	7137	3597

SCHEDULE “17” :
OPERATING EXPENSES :

(a) FLEET :		
Direct :		
Fuel Oil and Water	8045	5294
Port, Light and Canal Dues	4074	2897
Stevedoring, Despatch & Cargo Expenses	46	227
Hire of chartered ships	6915	6488
Brokerage & Commission	1393	1079
Agency Fees	396	243
Others :		
Wages, Bonus and Other Expenses on Floating Staff	8986	8365
Gratuity	141	133
Contribution to Provident & Other Funds	91	83
Stores	4131	3101
Repairs & Maintenance – Fleet	13328	10504
(Including Deferred Revenue Expenditure written off Rs. 158 lakhs, Previous Year Rs. 237 lakhs)		
Insurance & Protection Club Fees	3077	2348
Vessel Management Expenses	2059	2206
Sundry Steamer Expenses	950	854
	53632	43822
(b) COST OF SALES – PROPERTY DEVELOPMENT :		
Opening Stock :		
– Properties for sale	249	474
– Development work-in-progress	4219	4720
	4468	5194
Add : Expenses during the year :		
– Project Management Fees	1810	1283
– Other project expenses	72	16
	6350	6493
Less : Properties capitalised	8	–
	6342	6493
Less : Closing Stock :		
– Properties for sale	16	249
– Development work-in-progress	2951	4219
	3375	2025
(c) OIL & GAS DIVISION :		
Manpower	349	180
Salary & Allowances	875	900
Gratuity	23	–
Contribution to Provident & Other Funds	25	24
Insurance	764	448
Repairs & Maintenance	6830	3021
Fuel, Water & Supplies	960	677
Others	1262	139
	11088	5389
	68095	51236

SCHEDULE “18” :

ADMINISTRATION & OTHER EXPENSES :

(a) ADMINISTRATION EXPENSES :

Staff Expenses :

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

Rent

Insurance

Repairs and Maintenance :

- Buildings
- Others

Property Taxes

Miscellaneous Expenses

Auditors’ Remuneration (including service tax) :

- Audit Fees
- In Other Capacity :
 - Tax Audit
 - Taxation
 - Certification & other services

Donations

Directors’ Fees

(b) OTHER EXPENSES :

Share issue expenses written off

Expenses on buy back of shares written off

De-merger expenses written off

Doubtful debts and advances written off

Preliminary expenses written off

3305	2927
135	189
123	110
250	204
3813	3430
58	72
34	70
69	90
82	84
151	174
12	16
2863	2657
41	38
2	2
10	6
16	13
69	59
127	12
7	7
14	190
–	22
281	279
86	200
–	3
381	694
7515	7191
4763	3842
144	67
128	148
5035	4057
259	150
4776	3907

SCHEDULE “19” :

INTEREST & FINANCE CHARGES :

Interest :

- Fixed Loans
- Other Loans

Finance charges

Less : Pre-delivery interest capitalised

SCHEDULE “20” :

EXTRAORDINARY ITEMS & PRIOR PERIOD ADJUSTMENTS :

Excess provisions written back	177	1731
Sundry balances written back	—	100
Excess provision for dividend in previous year (including tax on dividend)	—	7
Income tax refunds for prior years	405	—
	582	1838
Less : Expenses of prior years	222	37
	360	1801
Less : Provision for tax : — current	—	130
— deferred	—	593
	—	723
	360	1078

SCHEDULE “21” :

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 :**

- Investments are classified into long term and current investments.
- 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.
- 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 lower of cost and realisable value

(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 :**

Expenditure incurred upto March 31, 2003 are amortised as under:

- (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) 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 the percentage of completion basis, based on costs incurred and the expected costs to completion.

(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

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

(vi) In case of assets depreciated under the straight line method, 95% of the original cost is written off over the estimated useful life. However, if an asset continues in operation beyond the useful life, as estimated by the management, the balance cost is depreciated in the subsequent year.

(vii) The depreciation policy of the subsidiary companies are not in uniformity with the depreciation policy of the holding company, however the amount of depreciation in the financial statement of the subsidiaries not being material, no adjustment have been carried out in the consolidated financial statements.

(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.

(vi) Currency swaps outstanding at the end of the year are translated at contract rates, when covered by forward exchange contracts and at year end rates in other cases. The gain or loss on repayment and translation thereof is dealt with in the profit and loss account except where the underlying loans relate to acquisition of fixed assets, the same is adjusted to the carrying cost of such fixed assets. The unrealised gains or losses arising on revaluation are included under Loans and Advances / other liabilities.

(m) **Provision for Taxation :**

(i) Provision for current income-tax is made on the basis of the assessable income as per provisions of the relevant 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 effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

SCHEDULE “22”:

NOTES ON CONSOLIDATED ACCOUNTS.

1. Basis of Consolidation :

The consolidated financial statements relates to The Great Eastern Shipping Company Ltd., the holding Co., its wholly owned subsidiaries and associates. The consolidation of the financial statements of the Company with its subsidiaries has been prepared in accordance with the requirements of Accounting Standard (AS) 21 “Consolidated Financial Statements”. The financial statement of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated.

Investments in Associates are dealt with in accordance with Accounting Standard (AS) 23 “Accounting for Investments in Associates in Consolidated Financial Statements”. Effect has been given to the carrying amount of investments in Associates using the Equity method. The Company’s share of the post acquisition profits or losses is included in the carrying cost of the Investments.

The financial statements of the subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2004.

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.	Greatship (India) Ltd.	India	100%
5.	Deep Water Services (India) Ltd.	India	100%

The associates considered in the financial statements are :

Sr. No.	Name of the Company	Country of Incorporation	% of Holding
1.	P & O Travels (India) Ltd.	India	25%
2.	Business Standard Ltd.	India	32%

2. Contingent Liabilities :

- Guarantees given by Banks, counter guaranteed by the Company - Rs.3232 lakhs [Previous Year Rs.3209 lakhs].
- Corporate guarantees given by the Company - Rs. 4535 lakhs [Previous Year Rs.535 lakhs].
- Income tax, Sales tax, Lease tax, Customs duty and ESIC demands against which the Company has preferred appeals - Rs. 2595 lakhs [Previous Year Rs. 510 lakhs].
- Claims against the Company not acknowledged as debt against which the Company has preferred appeals/ made representations - Rs.514 lakhs [Previous Year Rs. “Nil”].
- Letters of credit outstanding - Rs.24 lakhs [Previous Year Rs. 864 lakhs].
- Demand from the Office of the Collector & District Magistrate, Mumbai City and from Brihanmumbai Mahanagarpalika towards transfer charges for transfer of premises not acknowledged by the Company. - Rs. 434 lakhs [Previous Year Rs. 124 lakhs].

3. Fixed Assets :

- Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 90989 lakhs [Previous Year Rs. 68543 lakhs].
- The amount of exchange gain on account of fluctuation of the rupee against foreign currencies, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities deducted from the carrying amount of fixed assets during the year is Rs. 9010 lakhs [Previous Year Rs. 2295 lakhs].
- The deed of assignment in respect of the Company’s Leasehold property at Worli is yet to be transferred in the name of the Company.

- (d) Obligations under lease agreements :
The following payments are committed to be paid.

(Rs. in lakhs)

		Previous Year
Due within one year	5	2
Due within one to five year	32	–
Due beyond five years	–	9

4. Investments :

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 (India) Ltd.	Business Standard Ltd.
Book Value of Investments on Acquisition	88	218
Goodwill	–	2184
Cost of Investment	88	2402
Share of Profit/(Loss) in Associates post acquisition	12	(2189)
Share of Profit/(Loss) in Associates for the year	–	(101)
Carrying Cost	100	112

5. 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.227 lakhs [Previous Year Rs. 431 lakhs].
- (b) Dividend income comprises of dividend on long term investments - Rs. “Nil” [Previous Year Rs. 22 lakhs] and on current investments Rs. 1704 lakhs [Previous Year Rs. “Nil”].

6. Basic and diluted earnings per share:

(Rs. in lakhs)

		Previous Year
(a) Profit for the year after tax	43600	21216
Add : Extraordinary items and prior period adjustments	360	1078
	43960	22294
Less : Interim dividend on Preference Shares	787	966
Tax on interim dividend on Preference Shares	101	–
Net Profit after tax for Equity Shareholders	43072	21328
(b) Number of Equity shares as on April 1, 2003	19,03,27,015	20,25,63,786
Add : Shares allotted out of abeyance quota	–	20,898
	19,03,27,015	20,25,84,684
Less : Shares extinguished on buy back	–	1,22,57,669
Number of Equity shares as on March 31, 2004	19,03,27,015	19,03,27,015
Weighted average number of Equity shares outstanding during the year	19,03,27,015	19,15,74,966
(c) Face value of Equity Share	Rs.10	Rs.10
(d) Basic and diluted earnings per share (including Extraordinary items and Prior period adjustments)	Rs. 22.6	Rs. 11.1
(e) Basic and diluted earnings per share (excluding Extraordinary items and Prior period adjustments)	Rs. 22.4	Rs. 10.6

7. 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 :								
Total Revenue	103287	73121	36302	25092	9053	5511	148642	103724
Less : Inter Segment Revenue	–	–	–	–	–	–	1598	341
Net Revenue	103287	73121	36302	25092	9053	5511	147044	103383
RESULTS :								
Profit/(Loss) before tax and interest	38812	20863	9950	6947	4701	2265	53463	30075
Less : Interest							4776	3907
Less : Unallocated expenditure							2399	2024
Total Profit before tax							46288	24144
Provision for tax :								
– current							2750	854
– deferred							(62)	2074
Profit for the year after tax							43600	21216
Extraordinary items and Prior period adjustments (net of tax)							360	1078
Net Profit							43960	22294
OTHER INFORMATION :								
Assets	214787	149830	57527	41236	75568	71310	347882	262376
Liabilities	114103	84964	28310	19992	51353	32397	193766	137353
Capital Expenditure	90307	35139	8210	6273	705	213	99222	41625
Depreciation	16807	13435	2765	2498	697	902	20269	16835
Amortisation and other non cash expenditures	252	237	40	35	332	534	624	806

(b) Secondary segment reporting by geographical segment :

(i) Segment-wise Revenue :

		(Rs. in lakhs) Previous Year
Revenue from customers outside India	81243	40539
Revenue from customers within India	65801	62844
Total	147044	103383

(ii) 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 :

	As on 31.3.2004	(Rs. in lakhs) As on 31.3.2003
Deferred tax liabilities :		
Difference between book and tax depreciation	13100	13142
Pre-delivery interest	–	56
Deferred revenue expenditure on hold blasting and painting	1462	126
	14562	13324
Deferred tax assets :		
Expenditure disallowable under section 43B	317	166
Diminution in value of investments	268	317
Depreciation and business loss carried forward	1211	–
Provision for doubtful debts and advances (Net)	89	102
	1885	585
Net deferred tax liability	12677	12739

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.

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 Management Personnel exercise significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Expenditure on services rendered	594	558	–	–	–	–	–	–
Interest Income	–	1	1	3	–	–	–	–
Finance received (including loans and equity contributions)	4	10	65	3	–	–	–	–
Finance provided (including loans and equity contributions)	60	–	–	–	–	–	–	–
Purchase of fixed assets	–	–	–	–	–	–	–	5
Remuneration	–	–	619	404	8	8	–	–
Outstanding balance as on 31-03-2004								
Receivables	54	4	12	–	–	–	–	–
Payables	–	28	–	–	–	–	–	–

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

Consolidated Cash Flow Statement for the year ended March 31, 2004.

(Rs. in lakhs)

Previous Year

A. CASH FLOW FROM OPERATING ACTIVITIES :

NET PROFIT/(LOSS) BEFORE TAX	46288	24144
Adjustments For :		
Extraordinary and Prior year adjustments	360	1801
Depreciation	20269	16836
Interest earned	(1289)	(1469)
Interest paid	4776	3907
Dividend received	(1704)	—
(Profit)/Loss on investments (Net)	(86)	(755)
(Profit)/Loss on sale of sundry assets	(173)	(291)
Share issue expenses written off	14	190
De-merger expenses written off	281	279
Expenses on buy back of shares written off	—	22
Doubtful debts & advances written off/provided	51	(240)
Revenue expenditure deferred	(698)	(316)
Deferred revenue expenditure written off	1191	415
Foreign exchange	(1434)	134
Operating profit before working capital changes	67846	44657
Adjustments For :		
Trade & Other Receivables	(3595)	(1230)
Inventories	289	659
Incomplete Voyages (Net)	394	(510)
Trade Payables	7083	(760)
Cash Generated From Operations	72017	42816
Tax Paid	(2262)	(869)
Net cash flow from operating activities	69755	41947

B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of fixed assets	(115236)	(45756)
*Sale proceeds of fixed assets	12882	27376
Purchase of Investments	(169726)	(69238)
Sale proceeds of Investments	147529	61635
Interest received	1648	1371
Dividend received	1704	—
Deferred revenue expenditure	—	(57)
Term Deposits with Companies	4	10
Net cash from/(used in) investing activities	(121195)	(24659)

(Rs. in lakhs)
Previous Year

C. CASH FLOW FROM FINANCING ACTIVITIES :

Proceeds from issue of equity shares from abeyance quota	-	2
Repayment of equity share capital	-	(1226)
Redemption of preference shares	-	(9500)
Premium on buy back of equity share capital	-	(2781)
Proceeds from long term borrowings	85108	23333
Repayments of long term borrowings	(29519)	(13503)
Dividend paid	(12902)	(8542)
Tax on Dividend paid	(1686)	-
Interest paid	(4975)	(3866)
Expenses on buy back of shares	-	(22)
Net cash used in financing activities	36026	(16105)
Net increase/(decrease) in cash and cash equivalents :	(15414)	1183
Cash and cash equivalents as at April 1, 2003 (See note below)	40281	39098
Cash and cash equivalents as at March 31, 2004 (See note below)	24867	40281

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

Note :

Cash and cash equivalents as on	March 31, 2004	March 31, 2003
Cash and bank balances	24671	40538
Effect of exchange rate changes [Loss/(gain)]	196	(257)
Cash and cash equivalents as restated	24867	40281

As per our Report attached hereto

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, April 30, 2004.

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
R. N. Sethna Director

Mumbai, April 30, 2004.

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	Greatship (India) Ltd.	Deep Water Services (India) Ltd.
2. Financial Year ended	March 31, 2004	March 31, 2004	March 31, 2004	March 31, 2004	March 31, 2004
3. Date from which it became a Subsidiary	July 3, 1985	March 28, 1994	September 11, 1999	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%
5. Net aggregate amount of the Subsidiary's profit less losses not dealt with in the Holding Company's Accounts :					
(i) Current Year	US\$ 1,259,126	S\$ 341,440	US\$ (20,025)	Rs. (21,220)	Rs. 19,199,219
(ii) Previous Year since it became Subsidiary	US\$ 2,979,419	S\$ 367,755	US\$ (124,403)	Rs. (1,575)	Rs. (49,217)
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					
R. N. Sethna Director					
Mumbai, April 30, 2004.					



affiliate

affiliate

Subsidiaries

affiliate

The Great Eastern Shipping Co. London Ltd.

A Subsidiary Company

Directors

S.J. Mulji
B.K. Sheth
V.K. Sheth
M.J. Brace Esq
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, 2004.

The Directors present their report with the financial statements of the Company for the year ended 31 March, 2004.

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 :

The world shipping market showed a marked improvement during the course of the year, and the Company was able to take full advantage of charter hires fixed at substantially increased rates.

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, 2004 did not hold any beneficial interest in the issued share capital of the Company at 1 April, 2003 or 31 March, 2004.

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, 2004.

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, 2004 are as follows :

Although limited opportunities exist to acquire further ships at reasonable prices, the directors will continue to monitor the market closely. Prospects for future profitability remain good in the light of the continuing firm hire market.

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act, 1985 relating to small companies.

ON BEHALF OF THE BOARD

K. R. Engineer – SECRETARY

Dated : 29 April, 2004.

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, 2004 on pages five to fourteen. 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 two 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, 2004 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 : 29 April, 2004.

Profit and Loss Account for the year ended 31 March, 2004.

	Notes	2004 US\$	2003 US\$
Turnover	2	2,773,957	4,264,053
Cost of sales		1,513,361	4,076,357
Gross Profit		1,260,596	187,696
Administrative Expenses		262,641	236,117
Operating Profit/(Loss)	4	997,955	(48,421)
Interest receivable and similar income		262,821	84,033
		1,260,776	35,612
Interest payable and similar charges	5	1,650	14,771
Profit On Ordinary Activities Before Taxation		1,259,126	20,841
Tax on profit on ordinary activities	6	–	–
Profit For The Financial Year After Taxation		1,259,126	20,841
Retained profit brought forward		2,979,419	2,958,578
RETAINED PROFIT CARRIED FORWARD		\$4,238,545	\$2,979,419

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, 2004.

	Notes	2004 US\$	2003 US\$
Fixed Assets			
Tangible assets	7	687,331	690,309
Current Assets			
Debtors	8	78,220	161,101
Cash at bank and in hand		3,927,120	2,878,770
		4,005,340	3,039,871
Creditors			
Amounts falling due within one year	9	112,526	407,013
Net Current Assets		3,892,814	2,632,858
Total Assets Less Current Liabilities		4,580,145	3,323,167
Creditors			
Amounts falling due after more than one year	10	–	2,148
		\$4,580,145	\$3,321,019
Capital and Reserves			
Called up share capital	12	301,600	301,600
Dividend equalisation reserve	13	40,000	40,000
Profit and Loss account		4,238,545	2,979,419
Shareholders' Funds	17	\$4,580,145	\$3,321,019

ON BEHALF OF THE BOARD

S. J. Mulji – Director

Approved by the Board on 29 April, 2004.

The notes form part of these financial statements.

Cash Flow Statement for the year ended 31 March, 2004.

Notes	2004	2003
	US\$ US\$	US\$ US\$
Net cash inflow/ (outflow) from operating activities	1,031,166	(23,965)
Returns on investments and servicing of finance	261,171	69,262
Capital Expenditure	(3,469)	1,143,481
	<u>1,288,868</u>	<u>1,188,778</u>
Managements of liquid resources	(235,716)	630,547
Financing	(4,802)	(1,056,195)
Increase in cash in the period	<u>\$1,048,350</u>	<u>\$763,130</u>
Reconciliation of Net Cash Flow to Movement in Net Funds	3	
Increase in cash in the period	1,048,350	763,130
Cash outflow from decrease in debt and lease financing	<u>4,801</u>	<u>1,056,195</u>
Change in net funds resulting from cash flows	<u>1,053,151</u>	<u>1,819,325</u>
Movement in Net Funds in the period	1,053,151	1,819,325
Net Funds at 1 April	2,871,468	1,052,143
Net Funds at 31 March	<u>\$3,924,618</u>	<u>\$2,871,468</u>

The notes form part of these financial statements.

Notes To The Cash Flow Statement for the year ended 31 March, 2004.

	2004 \$	2003 \$	
1. RECONCILIATION OF OPERATING PROFIT/LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			
Operating Profit/(Loss)	997,955	(48,421)	
Depreciation Charges	6,448	7,546	
Profit on sale of fixed assets	–	(291,760)	
Decrease in debtors	91,024	246,967	
(Decrease)/Increase in creditors	(64,261)	61,703	
Net cash inflow/(outflow) from operating activities	1,031,166	(23,965)	
2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT			
Returns on investments and servicing of finance			
Interest received	56,843	33,899	
Foreign exchange gains	205,978	50,134	
Interest Paid	–	(13,156)	
Interest element of hire purchase or finance lease rentals payments	(1,650)	(1,615)	
Net cash inflow for returns on investments and servicing of finance	261,171	69,262	
Capital Expenditure			
Purchase of tangible fixed assets	(3,469)	(1,279)	
Sale of tangible fixed assets	–	1,144,760	
Net cash (outflow)/inflow for capital expenditure	(3,469)	1,143,481	
Management of liquid resources			
Deferred investment debtor	–	79,665	
Amounts owed to/(by) group undertakings	(235,716)	550,882	
Net cash inflow from management of liquid resources	(235,716)	630,547	
Financing			
Loan repayments in year	–	(1,051,875)	
HP repayments	(4,801)	(4,320)	
Net cash outflow from financing	(4,801)	(1,056,195)	
3. ANALYSIS OF CHANGES IN NET FUNDS			
	At 1.4.03 \$	Cash Flow \$	At 31.3.04 \$
Net cash:			
Cash at bank and in hand	2,878,770	1,048,350	3,927,120
	2,878,770	1,048,350	3,927,120
Debt :			
Hire purchase or finance leases	(7,303)	4,801	(2,502)
	(7,303)	4,801	(2,502)
Total	2,871,467	1,053,151	3,924,618
Analysed in Balance Sheet			
Cash at Bank and in hand	2,878,770		3,927,120
Hire purchase or finance leases			
within one year	(5,155)		(2,502)
After one year	(2,148)		–
	2,871,467		3,924,618

The notes form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March, 2004.

1. ACCOUNTING POLICIES

Accounting Convention

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

Turnover

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

Tangible fixed assets

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

Ships	– Straight line over the projected life
Fixtures and 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 :

	2004	2003
	\$	\$
Charter hire	2,718,957	734,310
Freight earnings	–	3,199,313
Profit on ship sales	–	291,760
Chartering commissions and sundry income	55,000	38,670
	2,773,957	4,264,053

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

	2004	2003
	\$	\$
Wages and salaries	98,716	88,421
Social security costs	10,538	9,632
Other pension costs	21,520	17,244
	130,774	115,297

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

	2004	2003
Staff (including Directors)	8	8

4. OPERATING PROFIT/(LOSS)

	2004	2003
	\$	\$
The operating profit (2003-operating loss) is stated after charging :		
Depreciation – owned assets	6,448	7,546
Profit on disposal of fixed assets	–	(291,760)
Auditors' remuneration	4,000	5,700
Non-audit work	36,372	24,108
Directors' emoluments	–	–

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	\$	\$
Bank loan interest	–	13,156
Hire purchase	1,650	1,615
	1,650	14,771

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March, 2004 nor for the year ended 31 March, 2003.

7. TANGIBLE FIXED ASSETS

	Ships \$	Fixtures and fitting \$	Motor vehicles \$	Totals \$
COST				
At 1 April 2003	2,764,412	44,688	88,729	2,897,829
Additions	–	3,469	–	3,469
At 31 March 2004	2,764,412	48,157	88,729	2,901,298
DEPRECIATION				
At 1 April 2003	2,099,210	34,820	73,489	2,207,519
Charge for year	–	2,638	3,810	6,448
At 31 March 2004	2,099,210	37,458	77,299	2,213,967
NET BOOK VALUE				
At 31 March 2004	665,202	10,699	11,430	687,331
At 31 March 2003	665,202	9,868	15,239	690,309

8. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

Amounts falling due within one year :
V.A.T.
Other debtors
Prepayments
Amounts owed by group undertakings

2004 \$	2003 \$
1,100	151
2,089	1,824
66,888	159,126
8,143	–
78,220	161,101

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

Hire purchase
Social security & other taxes
Owed to group undertaking
Accrued Expenses

2004 \$	2003 \$
2,502	5,155
1,750	1,327
–	227,573
108,274	172,958
112,526	407,013

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

Hire Purchase

2004 \$	2003 \$
–	2,148

11. OBLIGATIONS UNDER LEASING AGREEMENTS

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

Land and
Buildings
Operating
Leases

Expiring :
Between one and five years
In more than five years

2004 \$	2003 \$
21,830	–
–	18,170
21,830	18,170

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid :

Number :	Class :	Nominal Value :	2004 \$	2003 \$
16,000	Ordinary	£10	301,600	301,600

13. DIVIDEND EQUALISATION RESERVE

	2004 \$	2003 \$
Brought forward	40,000	40,000

14. ULTIMATE PARENT COMPANY

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

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March, 2004 other than unquantifiable amounts in respect of warranties given in the normal course of business.

16. RELATED PARTY DISCLOSURES

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

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 \$	2003 \$
Profit for the financial year	1,259,126	20,841
Net addition to shareholders' funds	1,259,126	20,841
Opening shareholders' funds	3,321,019	3,300,178
Closing shareholders' funds	4,580,145	3,321,019
Equity Interests	4,580,145	3,321,019

THE GREATSHIP (SINGAPORE) PTE LTD.

(Incorporated in Singapore)
A Subsidiary Company

Board of Directors

Naware Pradyumna Raghunath
Jaya Prakash
Balan Wasudeo

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, 2004.

Directors

The Directors of the Company in office at the date of this report are :

Naware Pradyumna Raghunath

Jaya Prakash

Balan Wasudeo (Appointed on 18 August, 2003)

Vesuna Khushru Jamshedji resigned as Director of the Company on 18 August 2003.

Arrangements to Enable Directors to Acquire Shares And Debentures

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

Directors' Interests In Shares And Debentures

None of the Directors holding office at the end of the financial year had any interest in the shares or debentures of the Company 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.

Directors' Contractual Benefits

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

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 as auditors.

On behalf of the Board

Naware Pradyumna Raghunath
Director

Jaya Prakash
Director

17 April, 2004

Statement By Directors

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

- (a) the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes 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, 2004 and of the results, changes in equity and cash flows for the financial year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on 17 April, 2004.

On behalf of the Board

Naware Pradyumna Raghunath
Director

Jaya Prakash
Director

17 April, 2004

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

We have audited the accompanying financial statements of THE GREATSHIP (SINGAPORE) PTE LTD. as set out on pages 6 to 19 for the year ended 31 March, 2004. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2004 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records (excluding 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
17 April, 2004

Balance Sheet as at 31 March, 2004.

	Note	2004 S\$	2003 S\$
NON-CURRENT ASSET			
Plant and equipment	3	7,518	4,630
CURRENT ASSETS			
Cash and cash equivalents	4	1,219,884	834,707
Trade receivables		10,578	6,767
Other receivables	5	58,476	18,651
Amount owing by holding company	6	1,003	13,894
		1,289,941	874,019
CURRENT LIABILITIES			
Trade payables		68,995	41,399
Other payables	7	101,769	119,547
Provision for taxation		71,000	3,448
		241,764	164,394
NET CURRENT ASSETS		1,048,177	709,625
NET ASSETS		1,055,695	714,255
SHAREHOLDER'S EQUITY			
Share capital	8	500,000	500,000
Retained profits		555,695	214,255
Total Equity		1,055,695	714,255

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, 2004.

	Note	2004 S\$	2003 S\$
REVENUES			
Agency income		303,550	77,275
Disbursement income		1,709,172	654,346
Interest income		2,750	3,434
Other income		3,600	–
Reversal of unutilised leave provision		–	5,652
Gain on disposal of plant and equipment		500	–
Total revenues		2,019,572	740,707
COSTS AND EXPENSES			
Disbursement expenses		1,352,528	567,535
Depreciation of plant and equipment	3	4,410	8,951
Exchange loss		9,592	9,100
Plant and equipment written off		334	318
Staff and related costs		168,558	117,548
Operating expenses		72,735	76,516
Total costs and expenses		1,608,157	779,968
PROFIT/(LOSS) FROM OPERATIONS	9	411,415	(39,261)
FINANCE COST		(230)	–
PROFIT/(LOSS) BEFORE TAXATION		411,185	(39,261)
TAXATION	10	(69,745)	1,800
PROFIT/(LOSS) AFTER TAXATION		341,440	(37,461)

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, 2004.

	Note	Share Capital S\$	Retained profits S\$	Total S\$
2004				
Balance as at 1 April, 2003		500,000	214,255	714,255
Profit after taxation		–	341,440	341,440
Balance as at 31 March, 2004		<u>500,000</u>	<u>555,695</u>	<u>1,055,695</u>
2003				
Balance as at 1 April, 2002		500,000	329,716	829,716
Loss after taxation		–	(37,461)	(37,461)
Dividend of 20% less tax at 22%	11	–	(78,000)	(78,000)
Balance as at 31 March, 2003		<u>500,000</u>	<u>214,255</u>	<u>714,255</u>

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

Cash Flow Statement for the year ended 31 March, 2004.

	Note	2004 S\$	2003 S\$
Cash Flows From Operating Activities			
Profit/(loss) before taxation		411,185	(39,261)
Adjustments for:			
Depreciation of plant and equipment		4,410	8,951
Exchange loss		9,592	9,100
Gain on disposal of plant and equipment		(500)	–
Plant and equipment written off		334	318
Interest expense		230	–
Interest income		(2,750)	(3,434)
Cash flows generated from/(absorbed by) operations before changes in working capital		422,501	(24,326)
Working capital changes, excluding changes relating to cash:			
Trade receivables		(3,811)	4,611
Other receivables		(39,658)	(2,253)
Amount owing by holding company		12,891	141,346
Trade payables		27,596	16,557
Other payables		(17,778)	63,567
Cash generated from operations		401,741	199,502
Income tax paid		(2,193)	(10,753)
Interest paid		(230)	–
Interest received		2,583	3,434
Net cash generated from operating activities		401,901	192,183
Cash Flows from Investing Activities			
Proceeds from sale of plant and equipment		500	–
Purchase of plant and equipment		(7,632)	(3,475)
Net cash absorbed by investing activities		(7,132)	(3,475)
Cash Flows from Financing Activity			
Dividend paid		–	(78,000)
Net cash absorbed by financing activity		–	(78,000)
Net increase in cash and cash equivalents		394,769	110,708
Unrealised exchange loss on cash and cash equivalents		(9,592)	(9,100)
Cash and cash equivalents at the beginning of the year		834,707	733,099
Cash and cash equivalents at the end of the year	4	1,219,884	834,707

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

Notes to the Financial Statements – 31 March, 2004.

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, 2004 was 2 (2003 : 2).

2. Significant Accounting Policies

a) Basis of accounting

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

Previously, the Company prepared their financial statements in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have material impact on the accounting policies and figures presented in the financial statements for the year ended 31 March, 2003.

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

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 differences are dealt with through the income statement.

c) Plant and equipment

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

d) Depreciation of plant and equipment

Depreciation is calculated to write off the cost of plant and

equipment by the straight-line method over their estimated useful lives. The annual rates used are as follows :

Computers	50%
Furniture and fittings	33 ¹ / ₃ %
Renovation	33 ¹ / ₃ %
Office equipment	20%

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

e) Cash and cash equivalents

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

f) Trade and other receivables

Trade and other receivables are recognised 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.

g) 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.

h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Agency income is recognised upon provision of agency services.
- (ii) Disbursement income is recognised upon completion of services.
- (iii) Interest income arising from bank deposits is recognised on an accrual basis.

i) Income tax

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

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

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

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

j) **Impairment of assets**

The carrying amounts of the Company's assets are reviewed at each balance sheet date. 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.

k) **Provisions**

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

l) **Employee benefits**

Defined Contribution Plan

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

Employee leave entitlement

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

m) **Operating lease**

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

3. Plant and Equipment

	Computers S\$	Furniture and Fittings S\$	Renovation S\$	Office Equipment S\$	Total S\$
2004					
Cost					
At 1 April 2003	9,404	8,592	13,770	8,274	40,040
Additions	2,053	–	–	5,579	7,632
Disposal	(2,971)	–	–	–	(2,971)
Written off	–	–	–	(5,043)	(5,043)
At 31 March 2004	<u>8,486</u>	<u>8,592</u>	<u>13,770</u>	<u>8,810</u>	<u>39,658</u>
Accumulated depreciation					
At 1 April 2003	7,209	8,116	13,005	7,080	35,410
Charge for the year	2,794	217	765	634	4,410
Disposal	(2,971)	–	–	–	(2,971)
Written off	–	–	–	(4,709)	(4,709)
At 31 March 2004	<u>7,032</u>	<u>8,333</u>	<u>13,770</u>	<u>3,005</u>	<u>32,140</u>
Net Book Value					
At 31 March 2004	<u>1,454</u>	<u>259</u>	<u>–</u>	<u>5,805</u>	<u>7,518</u>

2003

Cost

At 1 April 2002	9,140	8,388	13,770	10,429	41,727
Additions	2,583	524	–	368	3,475
Written off	(2,319)	(320)	–	(2,523)	(5,162)
At 31 March 2003	<u>9,404</u>	<u>8,592</u>	<u>13,770</u>	<u>8,274</u>	<u>40,040</u>

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
Written off	(2,319)	(320)	–	(2,205)	(4,844)
At 31 March 2003	<u>7,209</u>	<u>8,116</u>	<u>13,005</u>	<u>7,080</u>	<u>35,410</u>

Net book value

At 31 March 2003	<u>2,195</u>	<u>476</u>	<u>765</u>	<u>1,194</u>	<u>4,630</u>
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4. Cash and Cash Equivalents

	2004 S\$	2003 S\$
Cash in hand	48	414
Cash at bank	766,726	383,691
Fixed deposit	453,110	450,602
	<u>1,219,884</u>	<u>834,707</u>

5. Other Receivables

	2004 S\$	2003 S\$
Other debtors	15,186	451
Deposits	39,110	16,000
Prepayments	4,180	2,200
	<u>58,476</u>	<u>18,651</u>

6. Amount Owning by Holding Company

The 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.

7. Other Payables

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
Advances received	30	80,557
Accruals	94,253	37,526
Other creditors	7,486	1,464
	<u>101,769</u>	<u>119,547</u>

8. Share Capital

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
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. Profit /(Loss) From Operations

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
Profit/(Loss) from operations is arrived at after charging :		
Director's fee	3,500	3,500
Office rental-operating lease	22,873	30,000
Staff CPF contribution	12,800	15,476

10. Taxation

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
Current year's provision	71,000	–
Over provision in prior year	(1,255)	–
Deferred tax written back	–	(1,800)
	<u>69,745</u>	<u>(1,800)</u>

The tax provision for current taxation is lower than that obtained by applying the standard income tax rate to the profit due to the utilisation of unutilised capital allowances of approximately S\$1,270 (2003: Nil) and unabsorbed losses of approximately S\$15,000 (2003: Nil) brought forward from previous years.

The current year income tax expense varied from the amount of income tax expense determined by applying the applicable Singapore statutory income tax rate to the profit before income tax as a result of the following differences:

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
Accounting profit/(loss)	411,185	(39,261)
Income tax expense/(benefit) at applicable rate	71,738	(3,769)
Non allowable items	2,817	1,962
Timing differences	(481)	1,409
Over provision in prior years	(1,255)	–
Deferred tax written back	–	(1,800)
Tax benefit from unabsorbed losses not recognised	–	398
Utilisation of unutilised capital allowances	(254)	–
Utilisation of unabsorbed tax losses	(3,099)	–
Others	279	–
	<u>69,745</u>	<u>(1,800)</u>

11. Dividends

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
Ordinary dividend paid or proposed:		
Final dividends paid (2003: 20 cents per share, paid net of tax at 22%)	–	78,000

At the forthcoming Annual General Meeting, a final dividend of 15 cents per share net of tax of 20% amounting to a total of approximately S\$60,000 is to be recommended. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholder's equity as an appropriation of retained earnings in the year ending 31 March, 2005.

12. Related Party Transactions

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

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
Agency fees billed to holding company	236,150	54,000
Disbursement income billed to holding company	1,458,947	557,562

13. Operating Lease Commitments

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

	<u>2004</u>	<u>2003</u>
	<u>S\$</u>	<u>S\$</u>
Due within one year	20,415	8,750
Due within two to five years	84,320	–
	<u>104,735</u>	<u>8,750</u>

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 significant 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 trading transactions are denominated in matching foreign currencies, 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, other assets and liabilities created in the normal course of business.

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

Credit risk

Credit risk arises when one party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss.

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

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 holding Company's balance approximate their fair values due to their short-term nature.

15. Comparative Figures

Certain comparative figures have been reclassified to conform with the 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	Messrs. Kalyaniwalla & Mistry Chartered Accountants Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai – 400 023
Bankers	ABN-AMRO Bank Dubai U.A.E.

Report of the Directors for the year ended March 31, 2004.

The Directors present their report with the financial statements of the Company for the year ended 31 March, 2004.

REVIEW OF BUSINESS

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

DIVIDEND

No dividends will be distributed for the year ended 31 March, 2004.

DIRECTORS

The Directors during the year under review were :

S.J. Mulji

V.K. Sheth

The Directors holding office on 31 March, 2004 did not hold any beneficial interest in the issued share capital of the Company on 1 April, 2003 or 31 March, 2004.

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

During the year under review, G R Atkinson FCA, auditors of the Company expressed their unavailability to act as auditors and the casual vacancy caused was filled by the Board of Directors by appointing M/s. Kalyaniwalla & Mistry, Chartered Accountants. The auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants, will be proposed for appointment for the financial year 2004-05.

ON BEHALF OF THE BOARD

S.J. Mulji – DIRECTOR

Dated : April 29, 2004.

Report of the Auditors to the members of The Great Eastern (Fujairah) L.L.C. – FZC.

- 1) We have audited the attached Balance Sheet of The Great Eastern (Fujairah) L.L.C. - FZC, a Company incorporated in Fujairah, U.A.E. as at March 31, 2004 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit and report that :
 - 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3)
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- c) In our opinion the Balance Sheet and Profit and Loss Account comply with Accounting Standards referred to in Schedule 13 to the accounts.
- d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004 and,
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

Viraf R. Mehta

Partner

Membership No : 32083

Mumbai, April 29, 2004.

BALANCE SHEET AS AT MARCH 31, 2004.

			US \$ Previous Year
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	150,000	150,000
Loan Funds			
Unsecured Loans	2	74,000	224,859
TOTAL		224,000	374,859
APPLICATION OF FUNDS			
Fixed Assets	3	–	–
Current Assets, Loans and Advances			
Sundry Debtors	4	–	227,573
Cash and Bank Balances	5	83,314	103,976
Loans and Advances	6	5,027	–
		88,341	331,549
Less : Current Liabilities and Provisions			
Current Liabilities	7	8,769	81,093
Net Current Assets		79,572	250,456
Profit and Loss Account		144,428	124,403
TOTAL		224,000	374,859
Significant Accounting Policies	13		
Notes on Accounts	14		

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 and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of the Board

S. J. Mulji
Director

Vijay K. Sheth
Director

Dated : April 29, 2004.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004.

			US \$ Previous Year
INCOME			
Income from Operations	8	–	1,278,965
Other Income	9	185	540
		185	1,279,505
EXPENDITURE			
Operating Expenses	10	86	1,644,502
Administration and Other Expenses	11	6,497	20,422
Interest and Finance Charges	12	–	14,000
Depreciation		–	65,133
		6,583	1,744,057
Loss for the year		6,398	464,552
Add : Prior period expenses		13,627	–
		20,025	464,552
Add : Profit / (Loss) Brought Forward from Previous Year		(124,403)	340,149
Balance Loss Carried Forward		144,428	124,403
Significant Accounting Policies	13		
Notes on Accounts	14		

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 and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of the Board

S. J. Mulji
Director

Vijay K. Sheth
Director

Dated : April 29, 2004.

SCHEDULE “10” OPERATING EXPENSES :

(a) Fleet :

Direct :		
Fuel Oil and Water	—	318,550
Agency Fees / Port Disbursement	—	120,273
Address Commission & Brokerage	—	52,357
Others :		
Crew Cost	—	273,711
Stores	—	24,370
Repairs and maintenance	—	550,780
Insurance	—	256,832
Others	86	47,629
	86	1,644,502

SCHEDULE “11” ADMINISTRATION AND OTHER EXPENSES :

Office Rent	5,623	6,941
Miscellaneous expenses	249	5,981
Auditors’ remuneration (including service tax) :		
- Audit Fees	625	7,500
	6,497	20,422

SCHEDULE “12” INTEREST AND FINANCE CHARGES :

Lease finance charges	—	14,000
	—	14,000

SCHEDULE “13” 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 :

Assets acquired under hire purchase contracts or finance leases are capitalised in the balance sheet. 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 shorter.

Leased ships - Straight line over 5 years

(c) Turnover :

Turnover represents freight and charter hire revenues receivable during the period and profits on sale of ships.

US \$
Previous
Year

(d) 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.

SCHEDULE “14” NOTES ON ACCOUNTS:

1 Related Party Disclosures :

(i) List of Related Parties

(a) Parties where control exists

Holding Company

The Great Eastern

Shipping Co. Ltd.

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

Fellow Subsidiary

The Great Eastern

Shipping Co. London Ltd.

(ii) Transactions with related parties :

(a) Fellow Subsidiary :

Interest and Vessel

Management Fee

Reimbursement of insurance, accruals and payments

Holding Company :

Repayment of loan

(b) Outstanding balances as at March 31, 2004

Fellow Subsidiary :

Receivables

Payable

Holding Company :

Share Capital

Unsecured loan

US \$

Previous
Year

—	27,670
235,716	256,849
150,859	—
8,143	—
—	227,573
150,000	150,000
74,000	224,859

2 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.

3 The prior year financial statements have been audited by another Chartered Accountant and the same have been incorporated in the financial statements for the year.

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

Cash Flow Statement for the year ended on March 31, 2004.

A. CASH FLOW FROM OPERATING ACTIVITIES :

NET PROFIT / (LOSS) BEFORE TAX :	(6,398)	(464,552)
ADJUSTMENTS FOR :		
Prior year adjustments	(13,627)	—
Depreciation	—	65,133
Interest earned	(185)	(540)
Interest paid	—	14,000
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	(20,210)	(385,959)
ADJUSTMENTS FOR :		
Trade & Other Receivables	222,546	567,052
Trade Payables	(72,324)	(209,910)
NET CASH FLOW FROM OPERATING ACTIVITIES :	130,012	(28,817)

B. CASH FLOW FROM INVESTING ACTIVITIES :

Sale of Fixed Assets	—	1,771,279
Interest received	185	540
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	185	1,771,819

C. CASH FLOW FROM FINANCING ACTIVITIES :

Repayments of borrowings	(150,859)	(1,730,116)
Interest paid	—	(14,000)
NET CASH USED IN FINANCING ACTIVITIES :	(150,859)	(1,744,116)
Net increase / (decrease) in cash and cash equivalents :	(20,662)	(1,114)
Cash and cash equivalents as at April 1, 2003	103,976	105,090
Cash and cash equivalents as at March 31, 2004	83,314	103,976

As per our Report attached hereto

For and on behalf of

For and on behalf of the Board

Kalyaniwalla and Mistry
Chartered Accountants

S. J. Mulji
Director

Viraf R. Mehta
Partner

Vijay K. Sheth
Director

Dated : April 29, 2004.

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

Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Second Report, for the period ended March 31, 2004.

FINANCIAL RESULTS

Your Company for the year ended March 31, 2004 incurred a loss of Rs. 21,220/-.

DIVIDEND

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

CURRENT YEAR

Your Directors had proposed to wind up the Company in view of GE Shipping withdrawing from the investment in Shipping Corporation of India Ltd., under the disinvestment process of the Government of India, that being the prime objective of incorporating the Company. Your Directors are now of the opinion that the Company should explore various avenues of business and as such the decision to wind up the Company has been put on hold.

DIRECTORS

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

AUDITORS

M/s. Kalyaniwalla & Mistry, Chartered Accountants, retire 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 the 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 continuous support.

For and on behalf of the Board

P.R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2004.

Auditors' Report

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

- 1) We have audited the attached Balance Sheet of Greatship (India) Limited, as at March 31, 2004 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to 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, 2004; and,
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 5) On the basis of written representations received from the Directors as on March 31, 2004, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2004, 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, 2004.

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date on the accounts of Greatship (India) Limited for the year ended March 31, 2004:

- 1) The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 2) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register in pursuance of Section 301 of the Act.
- 3) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
- 4) As informed to us, the maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 5)
 - (a) According to the records examined by us, the Company does not have any liability on account of statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, customs duty, excise duty, cess during the year.
 - (b) According to the information and explanation given to us there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty or cess outstanding at the year end on account of any dispute.
- 6) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- 7) In our opinion and according to the information and explanation given to us, the Company does not have any activities that would attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- 8) The Company is not dealing or trading in shares, securities, debentures or other instruments.
- 9) According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- 10) The Company has not taken any term loans during the year.
- 11) The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.
- 12) The Company has not issued any debentures during the year.
- 13) The Company has not raised any money through a public issue during the year.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported.
- 15) None of the matters contained in clauses (i), (ii), (iv), (vii), (x), (xi), (xvii) of para 4 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, 2004.

Balance Sheet as at March 31, 2004.

	Schedule		Rupees Previous Period
SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	1	5,00,000	5,00,000
TOTAL		5,00,000	5,00,000
APPLICATION OF FUNDS :			
Current Assets, Loans and Advances :			
Cash and Bank Balances	2	4,81,047	5,00,000
Loans and Advances	3	18,453	–
		4,99,500	5,00,000
Less : Current Liabilities and Provisions :			
Current Liabilities	4	3,795	1,575
Provisions	5	18,500	–
		22,295	1,575
Net Current Assets		4,77,205	4,98,425
Profit and Loss Account		22,795	1,575
TOTAL		5,00,000	5,00,000
Notes on Accounts	6		

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

As per our Report attached hereto For and on behalf of the Board

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

P. R. Naware
Director

Viraf R. Mehta
Partner

Balan Wasudeo
Director

Mumbai, April 29, 2004.

Mumbai, April 29, 2004.

Profit And Loss Account for the year ended March 31, 2004.

	Schedule		Rupees Previous Period
INCOME :			
Sundry balances written back		–	58,688
		–	58,688
EXPENDITURE :			
Auditors' Remuneration			
– Audit Fees		1,620	1,575
– Certification Fees		–	7,875
		1,620	9,450
Bank Charges		500	–
Miscellaneous Expenditure		600	600
Preliminary expenses written off	–	50,213	–
		2,720	60,263
Loss for the year		2,720	1,575
Provision for tax of prior year		18,500	–
		21,220	1,575
Balance brought forward		1,575	–
Balance carried forward		22,795	1,575
Notes on Accounts	6		

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

As per our Report attached hereto For and on behalf of the Board

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

P. R. Naware
Director

Viraf R. Mehta
Partner

Balan Wasudeo
Director

Mumbai, April 29, 2004.

Mumbai, April 29, 2004.

Schedules Annexed to and Forming Part of the Balance Sheet as at March 31, 2004.

		Rupees Previous Period			Rupees Previous Period
SCHEDULE “1” : SHARE CAPITAL :			SCHEDULE “4” : CURRENT LIABILITIES :		
AUTHORISED :			Sundry Creditors	3,795	1,575
50,000 Equity Shares of Rs. 10 each	500,000	500,000	(including Rs. 2,175 due to the holding company)		
ISSUED, SUBSCRIBED & PAID UP :				3,795	1,575
50,000 Equity Shares of Rs. 10 each fully paid up	500,000	500,000			
	500,000	500,000			
Note : The entire share capital is held by The Great Eastern Shipping Co. Ltd., the holding company.			SCHEDULE “5” : PROVISIONS :		
			Provision for Taxation	18,500	–
				18,500	–
SCHEDULE “2” : CASH AND BANK BALANCES :			SCHEDULE “6” : Notes on Accounts :		
Bank balances :			1. Significant Accounting Policies :		
– On current account	481,047	500,000	Accounting Convention :		
	481,047	500,000	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 Accounts 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.		
SCHEDULE “3” : LOANS AND ADVANCES :			3. Previous period figures have been regrouped wherever necessary to conform to current year’s classification.		
(Unsecured - considered good unless otherwise stated)			4. The figures for the previous period are from June 26, 2002 to March 31, 2003 and are thus not comparable with the figures of the current year.		
Advance tax & taxes deducted at source	18,453	–			
	18,453	–			

Cash Flow Statement for the year ended March 31, 2004.

		Rupees Previous Period
A. Cash Flow From Operating Activities :		
Net Profit Before Tax :	(2,720)	(1,575)
Adjustment for :	–	–
Operating Loss before Working Capital changes :	(2,720)	(1,575)
Adjustment for :		
trade payables	2,220	1,575
Cash generated from operations :	(500)	–
Tax paid	(18,453)	–
Cash Flow before extraordinary activities :	(18,953)	–
Extraordinary items	–	–
Net Cash Flow from operating activities :	(18,953)	–
B. Cash Flow From Investing Activities :	–	–
C. Cash Flow From Financing Activities :		
Proceeds from issue of Equity Shares	–	5,00,000
Net Cash Flow from financing activities :	–	5,00,000
Net Increase/(Decrease) in Cash and Cash Equivalents :	(18,953)	5,00,000
Cash and Cash Equivalents as at April 1, 2003 :	5,00,000	–
Cash and Cash Equivalents as at March 31, 2004 :	4,81,047	5,00,000

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
P. R. Naware
Director

Viraf R. Mehta
Partner

Balan Wasudeo
Director

Mumbai, April 29, 2004.

Mumbai, April 29, 2004.

Deep Water Services (India) Ltd.

A Subsidiary Company

Directors

Vijay K. Sheth – Chairman
P.R. Naware
Balan Wasudeo

Company Secretary

Manoj Contractor

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

Dear Shareholders,

The Board of Directors have great pleasure in presenting the 2nd Annual Report on the business and operations of your Company together with the Audited Accounts for the financial year ended March 31, 2004

FINANCIAL PERFORMANCE

	2003-04	Previous Period
	(Rs.)	(Rs.)
INCOME :		
Income from Operations	35,97,61,179	—
Other Income	5,08,38,257	4,168
	41,05,99,436	4,168
EXPENDITURE :		
Operating Expenses	33,77,91,686	—
Administration and Other Expenses	17,35,689	45,906
Interest and Finance charges	1,42,43,290	7,479
Depreciation	1,44,10,805	—
	36,81,81,470	53,385
Profit/Loss before tax	4,24,17,966	(49,217)
Less : Provision for Tax :		
— Current	31,00,000	—
— Deferred	2,01,18,747	—
	2,32,18,747	—
Profit/Loss after tax	1,91,99,219	(49,217)
Add/(Loss) Brought forward from previous period	(49,217)	—
Balance carried forward	1,91,50,002	(49,217)

Your Company was incorporated on August 02, 2003 as a wholly owned subsidiary of The Great Eastern Shipping Co. Ltd. The financial results for the year reflect the performance of the Company for its first full year of operations.

For March 31, 2004, your Company earned an income from Operations of Rs.35.97 crores and Other Income of Rs.5.08 crores, largely due to 'mark to market' on the FC loan. The Company has earned Profit Before Tax of Rs.4.24 crores and Profit After Tax of Rs.1.91 crores. The provision for taxation of Rs.2.32 crores includes provision for deferred tax of Rs.2.01 crores.

DIVIDEND

With a view to conserve resources the Directors do not recommend any dividend for the year under review.

CURRENT YEAR

The current year saw deployment of the chartered drill barge "Badrinath" with ONGC for a period of three years under a contract for charter hire awarded to the Company by ONGC. The drill barge is performing satisfactorily. Prior to its deployment, the Company had the barge refurbished and additional equipments were installed to make her ready for the ONGC contract. The refurbishment expenses and additional equipment were partly financed by a loan from the bank.

DIRECTORS

Mr. Vijay K. Sheth retires by rotation and being eligible, offers himself for re-appointment.

CAPITAL STRUCTURE AND CHANGE IN STATUS OF THE COMPANY

The Company had issued and allotted 40,000 equity shares of Rs. 10/- each for cash at par on rights basis to the existing members. The entire capital of the Company continues to be owned by The Great Eastern Shipping Co. Ltd. During the year your Company was converted into a public company with effect from March 15, 2004. Hence, with effect from March 15, 2004 the name of the Company reads as "Deep Water Services (India) Limited".

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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.

PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information as regard to Conservation of Energy and technology absorption does not apply to your Company.

FOREIGN EXCHANGE

Foreign exchange earned during the period under consideration was 3600.29 lakhs.

Foreign exchange expenditure incurred during the year amounted to Rs. 2655.98 lakhs.

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.

AUDITORS

Messrs. 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 re-appointment.

APPRECIATION

Your Directors express their sincere thanks to ONGC, Directorate General of Shipping, bankers, consultants and advisors for their continued support throughout the year.

For and on behalf of the Board

Vijay K. Sheth
Chairman

Mumbai, April 29, 2004.

Auditors' Report

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

1. We have audited the attached Balance Sheet of Deep Water Services (India) Limited, as at March 31, 2004 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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, 2004,
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the Directors as on March 31, 2004, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2004, 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, 2004.

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date on the accounts of Deep Water Services (India) Limited for the year ended March 31, 2004:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) There was no disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
 - (b) In our opinion, the procedures followed by the management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company is maintaining proper records of inventory. 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.
3. (a) The Company has taken an unsecured loan from a company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum balance outstanding during the year is Rs. 1250 lakhs. The

Company has not granted any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

- (b) In our opinion, the rate of interest and other terms and conditions of the loan taken by the Company, are not prima facie not prejudicial to the interest of the Company.
 - (c) There was no payment of principal amount and interest during the year.
 - (d) There are no overdue amounts more than one lakh.
4. 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 inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness have been observed in the internal controls.
 5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered.
 - (b) Based on the information and explanations given to us, it is our opinion that these transactions have been made at reasonable prices having regard to the prevailing market prices at the relevant time.
 6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
 7. The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.
 8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
 9. (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sale Tax, Wealth Tax, Customs Duty, Excise Duty and cess were outstanding, at the year end for a period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty or cess outstanding at the year end on account of any dispute.
 10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
 11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
 12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
 13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
 14. The Company is not dealing or trading in shares, securities, debentures or other instruments.
 15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
 16. According to the information and explanations given to us and the records examined by us, the term loans were applied by the Company for the purpose for which they were obtained.
 17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilised any funds raised on short term basis for long term investments and vice-versa.
 18. The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.
 19. The Company has not issued any debentures during the year.
 20. The Company has not raised any money through a public issue during the year.
 21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Membership No: 32083
Mumbai, April 29, 2004.

Balance Sheet as at March 31, 2004.

Profit and Loss Account for the year ended March 31, 2004.

	Schedule		Previous Period (Rs.)
SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	1	5,00,000	1,00,000
Reserves and Surplus	2	1,91,67,659	—
		1,96,67,659	1,00,000
Loan Funds :			
Secured Loans	3	40,00,00,000	—
Unsecured Loans	4	12,50,00,000	35,00,000
		52,50,00,000	35,00,000
Deferred Tax Liability (Net)		2,01,01,090	—
TOTAL		56,47,68,749	36,00,000
APPLICATION OF FUNDS :			
Fixed Assets :	5		
Gross Block		7,93,68,044	—
Less: Depreciation		1,44,10,805	—
Net Block		6,49,57,239	—
Current Assets, Loans and Advances :			
Inventories	6	67,95,975	—
Sundry Debtors	7	5,09,17,343	—
Cash and Bank Balances	8	5,98,39,680	1,69,355
Other Current Assets	9	13,32,353	—
Loans and Advances	10	4,09,49,080	85,23,215
		15,98,34,431	86,92,570
Less : Current Liabilities and Provisions :			
Current Liabilities	11	4,53,42,636	2,15,93,827
Provisions	12	31,00,000	—
		4,84,42,636	2,15,93,827
Net Current Assets		11,13,91,795	(1,29,01,257)
Miscellaneous Expenditure (to the extent not written off or adjusted) :	13	38,84,19,715	1,64,52,040
Profit and Loss Account		—	49,217
TOTAL		56,47,68,749	36,00,000
Significant Accounting Policies	19		
Notes on Accounts	20		

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 and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Manoj Contractor
Company Secretary

Vijay K. Sheth
Chairman

P. R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2004.

Mumbai, April 29, 2004.

	Schedule		Previous Period (Rs.)
INCOME :			
Income from Operations	14	35,97,61,179	—
Other Income	15	5,08,38,257	4,168
		41,05,99,436	4,168
EXPENDITURE :			
Operating Expenses	16	33,77,91,686	—
Administration and Other Expenses	17	17,35,689	45,906
Interest and Finance Charges	18	1,42,43,290	7,479
Depreciation		1,44,10,805	—
		36,81,81,470	53,385
Profit/(Loss) Before Tax		4,24,17,966	(49,217)
Less : Provision for Tax :			
— Current		31,00,000	—
— Deferred		2,01,18,747	—
		2,32,18,747	—
Profit/(Loss) for the year after tax		1,91,99,219	(49,217)
Add : (Loss) Brought Forward from Previous Year		(49,217)	—
Balance Carried Forward		1,91,50,002	(49,217)
Significant Accounting Policies	19		
Notes on Accounts	20		

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 and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Manoj Contractor
Company Secretary

Vijay K. Sheth
Chairman

P. R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2004.

Mumbai, April 29, 2004.

Schedules Annexed to and Forming Part of the Balance Sheet as at March 31, 2004.

SCHEDULE "1" : SHARE CAPITAL :

AUTHORISED :
50,000 (Previous Year 50,000)
Equity Shares of Rs. 10 each

ISSUED, SUBSCRIBED & PAID UP :
50,000 (Previous Year 10,000)
Equity Shares of Rs. 10 each
fully paid up.

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

	Previous Period (Rs.)
5,00,000	5,00,000
5,00,000	1,00,000
5,00,000	1,00,000

SCHEDULE "2" : RESERVES AND SURPLUS :

- (a) General Reserve
Deferred tax liability (net)
as on April 1, 2003
(b) Profit and Loss Account

SCHEDULE "3" : SECURED LOANS :

Term Loan from bank
(Secured by hypothecation of Rig,
an unconditional irrevocable
corporate guarantee and the
assignment of insurances by
The Great Eastern Shipping Co. Ltd.,
the holding company)

SCHEDULE "4" : UNSECURED LOANS :

Loan from The Great Eastern Shipping
Co. Ltd., the holding company

Amount due within one year

	Previous Period (Rs.)
17,657	—
1,91,50,002	(49,217)
1,91,67,659	(49,217)
40,00,00,000	—
40,00,00,000	—
12,50,00,000	35,00,000
12,50,00,000	35,00,000
5,40,00,000	—

SCHEDULE "5" : FIXED ASSETS :

Particulars	Cost				Depreciation				Net Block
	As at April 1, 2003 (Rs.)	Additions (Rs.)	Deductions (Rs.)	As at March 31, 2004 (Rs.)	Upto March 31, 2003 (Rs.)	For the year (Rs.)	Adjustments on assets sold (Rs.)	Upto March 31, 2004 (Rs.)	As at March 31, 2004 (Rs.)
Plant & Machinery	—	7,93,68,044	—	7,93,68,044	—	1,44,10,805	—	1,44,10,805	6,49,57,239
Total	—	7,93,68,044	—	7,93,68,044	—	1,44,10,805	—	1,44,10,805	6,49,57,239
Previous Period	—	—	—	—	—	—	—	—	—

SCHEDULE "6" : INVENTORIES :

Fuel oils

SCHEDULE "7" : SUNDRY DEBTORS :

(Unsecured)

Debts outstanding for a period not
exceeding six months :

Considered good

SCHEDULE "8" : CASH AND BANK BALANCES :

- (a) Balances with scheduled banks :
On current account
(b) Balances with other banks :
On call deposit with ABN AMRO Bank,
London
(Maximum balance Rs. 7,75,06,166/-,
Previous Year Rs. "Nil")

	Previous Period (Rs.)
67,95,975	—
67,95,975	—
5,09,17,343	—
5,09,17,343	—
47,57,878	1,69,355
5,50,81,802	—
5,98,39,680	1,69,355

SCHEDULE "9" : OTHER CURRENT ASSETS :

Accrued Income

SCHEDULE "10" : LOANS AND ADVANCES :

(Unsecured - considered good
unless otherwise stated)

- (a) Advances recoverable in
cash or in kind or for value
to be received
(b) Agents' current accounts
(c) Advance payment of taxes

SCHEDULE "11" : CURRENT LIABILITIES :

Sundry Creditors
Due to The Great Eastern Shipping Co. Ltd.,
the holding company
Other liabilities
Interest accrued but not due (including
Rs. 52,61,688/-, Previous period
Rs. 7,479/-, accrued on loan from the
holding company)

	Previous Period (Rs.)
13,32,353	—
13,32,353	—
3,85,58,739	67,62,010
—	17,61,205
23,90,341	—
4,09,49,080	85,23,215
1,64,94,417	43,44,659
1,99,32,102	1,70,10,421
16,44,314	2,31,268
72,71,803	7,479
4,53,42,636	2,15,93,827

SCHEDULE “12” : PROVISIONS :

Provision for taxation

SCHEDULE “13” : MISCELLANEOUS EXPENDITURE :

(to the extent not written off or adjusted)

(a) Preliminary Expenses

As per last balance sheet

Add : Expenditure incurred during the year

Less : Amortised during the year

(b) Deferred Revenue Expenditure

- Repairs and Maintenance Expenditure

As per last balance sheet

Add : Expenditure incurred during the year

Less : Amortised during the year

SCHEDULE “14” : INCOME FROM OPERATIONS :

Contract Revenue (Gross)
(Income - tax deducted at source Rs. 23,90,341/-.
Previous Period - Rs. “Nil”)

SCHEDULE “15” : OTHER INCOME :

Dividend Income

Interest earned (Gross) :

- on call deposit account

Gain on foreign currency transactions (Net)

Miscellaneous Income

SCHEDULE “16” : OPERATING EXPENSES :

Commissary and Quarters

Insurance

Repairs and maintenance

(Including deferred revenue expenses written off Rs. 8,61,65,806/-)

Charter hire paid

Fuel and Water

Supplies

Others

Previous
Period
(Rs.)

31,00,000	—
31,00,000	—
35,900	—
—	35,900
35,900	35,900
11,968	—
23,932	35,900
1,64,16,140	—
45,81,45,449	1,64,16,140
47,45,61,589	1,64,16,140
8,61,65,806	—
38,83,95,783	1,64,16,140
38,84,19,715	1,64,52,040
35,97,61,179	—
35,97,61,179	—
27,53,976	—
1,22,113	—
4,78,17,116	4,168
1,45,052	—
5,08,38,257	4,168
16,40,919	—
96,34,573	—
15,78,07,001	—
10,48,85,995	—
2,96,54,830	—
2,89,07,034	—
52,61,334	—
33,77,91,686	—

SCHEDULE “17” : ADMINISTRATION AND OTHER EXPENSES :

Legal and Professional fees

Miscellaneous expenses

Loss on sale of investments

Auditors' remuneration
(including service tax) :

- Audit Fees

- in Other Capacity :

- Tax Audit

- Certification & other services

Preliminary expenses written off

SCHEDULE “18” : INTEREST AND FINANCE CHARGES :

Interest on Fixed Loans

SCHEDULE “19” : 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. 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) Inventories :

Inventories of fuel oils are carried at cost.

(d) Miscellaneous Expenditure :

(i) Preliminary expenses are being amortised over five years.

(ii) Deferred revenue expenditure on refurbishment of Rig Badrinath are being amortised over the period of the contract, namely, three years.

(e) Income recognition :

Charter Hire earnings are recognised on accrual basis.

(f) Operating expenses :

Stores and spares delivered on board the rig are charged to revenue.

(g) Depreciation

Depreciation on fixed assets is provided on the straight line method so as to write off the entire cost over the period of the contract, namely, three years.

(h) 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 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.

Previous
Period
(Rs.)

6,89,200

8,72,683

42,238

75,600

32,400

11,600

1,19,600

11,968

17,35,689

1,42,43,290

1,42,43,290

7,479

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1,42,43,290

7,479

(i) **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 "20":
NOTES ON ACCOUNTS :**

1 Contingent liabilities :

Guarantees given by banks - Rs. 4,27,93,594/- (Previous period Rs."Nil")

2 Fixed assets :

The amount of exchange gain on account of fluctuation of the rupee against foreign currencies and cancellation of forward covers relating to loan liabilities deducted from the carrying amounts of fixed assets during the year is Rs. 62,41,631/- (Previous Period Rs."Nil")

3 Current Liabilities :

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

4 Profit and loss account :

- (a) The amount of exchange difference in respect of forward contracts to be recognised in the profit and loss account in the subsequent accounting period is Rs. 17,16,260/- (Previous Period Rs."Nil").
- (b) Dividend income comprises of dividend on Mutual Fund investments - Rs. 27,53,976/- (Previous Period Rs."Nil").

5 Basic and diluted earnings per share :

		Previous period (Rs.)
(a) Profit for the year after tax available to Equity Shareholders	1,91,99,219	(49,217)
(b) Number of Equity Shares as on April 1, 2003	10,000	10,000
Add : Shares allotted during the year	40,000	—
Number of Equity Shares as on March 31, 2004	50,000	10,000
Weighted average number of Equity shares outstanding during the year	14,164	10,000
(c) Face value of Equity Share	10	10
(d) Basic and diluted earnings per share	1,355.5	(4.9)

6 Deferred tax :

- (a) The accumulated net deferred tax asset as on April 1, 2003 amounting to Rs. 17,657/- on account of timing differences between book and tax losses has been credited to General Reserve Account.

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

	As on March 31, 2004	As on April 1, 2003
Deferred tax liabilities :		
Difference between book and tax depreciation	19,48,445	—
Deferred revenue expenditure on refurbishment of rig	13,93,45,573	58,89,290
	14,12,94,018	58,89,290
Deferred tax assets :		
Preliminary expenses	1,065	(359)
Depreciation and business loss carried forward	12,11,74,206	59,07,306
	12,11,75,271	59,06,947
Net deferred tax liability/(asset)	2,01,18,747	(17,657)

7 Related Party Disclosures :

- (i) List of Related Parties
- (a) Parties where control exists
- The Great Eastern Shipping Co. Ltd - the holding company
- (b) Other related parties with whom transactions have taken place during the year :
- P & O Travels India Ltd - associate
- The Greatship (Singapore) Pte. Ltd. - fellow subsidiary
- (ii) Transactions with related parties :

	Holding Company		Associates		Fellow Subsidiary	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
(a) Loan taken during the year	12,15,00,000	35,00,000	—	—	—	—
(b) Contribution to Share Capital	4,00,000	1,00,000	—	—	—	—
(c) Interest on Loan	66,10,997	7,479	—	—	—	—
(d) Expenditure on reimbursement of Insurance charges & Port dues	90,93,976	30,87,000	—	—	62,03,892	9,59,278
(e) Expenditure incurred for Agency, Travelling & other Services :	10,49,30,500	1,08,30,000	83,424	—	16,53,976	1,57,500
(f) Outstanding balances as at March 31, 2004 :						
Share Capital	5,00,000	1,00,000	—	—	—	—
Loans and Advances	—	—	—	—	—	17,61,205
Payables	15,15,50,578	1,70,10,421	—	—	—	—

8 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.

9 Previous Period's figures have been regrouped wherever necessary to conform to current year's classification.

10 The figures for the previous period are from August 2, 2002 to March 31, 2003 and are thus not comparable with the figures of the current year.

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.	11-136714
State Code	11
Balance Sheet Date	31-03-2004
II Capital Raised during the year :	Amount (Rupees)
Public Issue	NIL
Rights Issue	4,00,000
Bonus Issue	NIL
Private Placement	NIL
III Position of Mobilisation and Deployment of Funds :	Amount (Rupees)
Total Liabilities	61,32,11,385
Total Assets	61,32,11,385
Sources of Funds :	
Paid-up Capital	5,00,000
Reserves & Surplus	1,91,67,659
Secured Loans	40,00,00,000
Unsecured Loans	12,50,00,000
Deferred Taxation (Net)	2,01,01,090
Application of Funds :	
Net Fixed Assets	6,49,57,239
Investments	NIL
Net Current Assets	11,13,91,795
Misc. Expenditure	38,84,19,715
Accumulated Losses	NIL
IV Performance of Company :	Amount (Rupees)
Turnover	41,05,99,436
Total Expenditure	36,81,81,470
Profit/(loss) Before Tax	4,24,17,966
Profit/(loss) After Tax	1,91,99,219
Earning Per Share	1,355.5
Dividend Rate (%)	NIL
V Generic Names of Three Principal Products/	
Services of Company (as per monetary terms) :	
Description	Item Code No.
Offshore	N.A.

Cash Flow Statement For The Year Ended On March 31, 2004.

		Rupees Previous Period
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX :	4,24,17,966	(49,217)
ADJUSTMENTS FOR :		
Depreciation	1,44,10,805	—
Interest earned	(1,22,113)	—
Interest paid	1,42,43,290	7,479
Dividend received	(27,53,976)	—
(Profit)/Loss on investments (Net)	42,238	—
Preliminary Exp w/off	11,968	—
Deferred Revenue Expenditure written off	8,61,65,806	—
Deferred Revenue Expenditure incurred during the year	(45,81,45,449)	(1,64,52,040)
Foreign exchange	(3,30,00,639)	—
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	(33,67,30,104)	(1,64,93,778)
ADJUSTMENTS FOR :		
Trade & Other Receivables	(4,56,24,279)	1,30,63,133
Inventories	(67,95,975)	—
Trade Payables	1,74,19,897	—
NET CASH FLOW FROM OPERATING ACTIVITIES :	(37,17,30,461)	(34,30,645)
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(8,49,55,822)	—
Purchase of Investments	(47,00,00,000)	—
Sale of Investments	46,99,57,762	—
Interest received	1,22,113	—
Dividend received	27,53,976	—
NET CASH FROM INVESTING ACTIVITIES :	(8,21,21,971)	—
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares	4,00,000	1,00,000
Proceeds from long term borrowings	60,15,00,000	35,00,000
Repayments of long term borrowings	(8,00,00,000)	—
Interest paid	(82,88,201)	—
NET CASH FROM FINANCING ACTIVITIES :	51,36,11,799	36,00,000
Net increase/(decrease) in cash and cash equivalents :	5,97,59,367	1,69,355
Cash and cash equivalents as at April 1, 2003 (See note below)	1,69,355	—
Cash and cash equivalents as at March 31, 2004 (See note below)	5,99,28,722	1,69,355
Note :		
Cash and cash equivalent as on March 31, 2004		March 31, 2003
Cash and Bank Balances	5,98,39,680	1,69,355
Effect of exchange rate changes [Loss/(gain)]	89,042	—
Cash and cash equivalents as restated	5,99,28,722	1,69,355

As per our Report attached hereto

For and on behalf of

Kalyaniwalla and Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Manoj Contractor
Company Secretary

For and on behalf of the Board

Vijay K. Sheth
Chairman

P. R. Naware
Director

Balan Wasudeo
Director

Mumbai, April 29, 2004.

Mumbai, April 29, 2004.



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