

# NAVIGATING WITH PATIENCE & PERSEVERANCE



61<sup>st</sup>  
ANNUAL  
REPORT  
2008-09



THE GREAT EASTERN SHIPPING CO. LTD.

## 61st Annual Report 2008-2009

### Contents...

Notice.....	02
Chairman's Statement.....	06
Directors' Report .....	07
Corporate Governance Report .....	16
Asset Profile .....	27
The Year at a Glance .....	36
Financial Highlights.....	37
10 Years at a Glance .....	38
Auditor's Report .....	39
Detailed Financial Statements.....	43
Consolidated Financial Statements .....	72
Statements pertaining to Subsidiaries .....	101

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### 61st Annual General Meeting

**Date :** June 26, 2009      **Time:** 03.00 p.m.

**Venue:** Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020

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## Board of Directors

K. M. Sheth EXECUTIVE CHAIRMAN  
 Bharat K. Sheth DEPUTY CHAIRMAN & MANAGING DIRECTOR  
 R. N. Sethna  
 Asha V. Sheth  
 Cyrus Guzder  
 Keki Mistry  
 Vineet Nayyar  
 Berjis Desai  
 Ravi K. Sheth EXECUTIVE DIRECTOR

### COMMITTEES

AUDIT COMMITTEE	SHAREHOLDER/INVESTORS' GRIEVANCE COMMITTEE	REMUNERATION COMMITTEE
Keki Mistry CHAIRMAN	Cyrus Guzder CHAIRMAN	Cyrus Guzder CHAIRMAN
R. N. Sethna	Berjis Desai	R. N. Sethna
Cyrus Guzder	Asha V. Sheth	Berjis Desai
Berjis Desai		

Jayesh M. Trivedi COMPANY SECRETARY

REGISTERED OFFICE	SHARE TRANSFER AGENT*	AUDITORS
Ocean House 134 / A, Dr. Annie Besant Road Worli Mumbai 400 018	Sharepro Services (India) Pvt. Ltd. 13A/B, Samhita Warehousing Complex, 2nd floor Sakinaka Telephone Exchange Lane Off Andheri-Kurla Road, Sakinaka, Andheri (E) Mumbai 400 072	Kalyaniwalla & Mistry Kalpataru Heritage 127, Mahatma Gandhi Road Mumbai 400 001

*\* Kindly note the change in the Share Transfer Agent's address.*

## Notice

**NOTICE** is hereby given that the Sixty First Annual General Meeting of THE GREAT EASTERN SHIPPING CO. LTD. will be held at Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020 on Friday, June 26, 2009 at 03.00 p.m. (I.S.T.) to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Mr. Cyrus Guzder, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Berjis Desai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.
5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to Ms. Nirja Sheth, relative of a Director of the Company, to hold and continue to hold, with effect from October 6, 2008, an office or place of profit in Greatship (India) Limited, a wholly owned subsidiary of the Company, as its officer/employee carrying a total remuneration not exceeding Rs.50,000 per month.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, matters, deeds and things in order to give effect to the above resolution.”

By Order of the Board

**Jayesh M. Trivedi**  
Company Secretary

Mumbai, May 8, 2009

### Registered Office :

Ocean House, 134/A  
Dr. Annie Besant Road  
Worli, Mumbai 400 018

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from June 18, 2009 to June 26, 2009 (both days inclusive).
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the 40th dividend for the year 1993-94 paid by the Company on October 5, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, C/o. Central Government Office Building, A Wing, 2nd Floor, Next to Reserve Bank of India, CBD Belapur 400 614.
5. Consequent to the amendment to sub-section (5) of Section 205A vide Companies (Amendment) Act, 1999, the Company has transferred the unclaimed dividend for the year 2000-2001 (47th final dividend) to the Investor Education and Protection Fund. All unclaimed dividend for the year 2001-2002 (48th final dividend) will be transferred to the Investor Education and Protection Fund on or before August 24, 2009. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Company's Share department at the Registered Office of the Company on or before August 10, 2009.
6. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business as per Item No.5 hereinabove, is annexed hereto.



## **Annexure to Notice**

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

#### **Item No. 5 (Special Resolution) :**

Ms. Nirja Sheth joined Greatship (India) Limited, a wholly owned subsidiary of the Company, as 'Officer – Marketing' with effect from October 6, 2008. She has a Masters degree (M.Sc.) in Shipping, Trade & Finance from Cass Business School, London, U.K. after graduating (B.Sc.) in Business Administration from Cardiff University, Wales, U.K. Her terms are :

1. Consolidated salary of Rs. 4,00,000 per annum (approx. Rs. 33,000 per month).
2. Housing Loan Subsidy.
3. Life insurance cover as per the rules of Greatship (India) Limited.
4. Performance incentive as applicable in accordance with the rules of Greatship (India) Limited.

The total remuneration to her as mentioned above would not exceed Rs. 50,000 per month.

Ms. Nirja Sheth is the daughter of Mr. Bharat K. Sheth, Deputy Chairman & Managing Director of the Company.

Section 314(1)(b) of the Companies Act, 1956 provides that, relative of a director shall not hold any office or place of profit under any subsidiary of the company, carrying a total monthly remuneration of not less than Rs. 10,000 unless the same is approved by the members of the company. The section also provides for seeking approval of the members at the first meeting of the members held after holding of such office or place of profit.

Your Directors commend the resolution at Item No. 5 for your approval.

Mr. K. M. Sheth, Mr. Bharat K. Sheth and Mr. Ravi K. Sheth, being relatives of Ms. Nirja Sheth, may be deemed to be interested in the aforesaid resolution. None of the other Directors of the Company are concerned or interested in the aforesaid resolution.

Mumbai, May 8, 2009

By Order of the Board

**Jayesh M. Trivedi**  
Company Secretary

#### **Registered Office:**

Ocean House, 134/A  
Dr. Annie Besant Road  
Worli, Mumbai 400 018

## Information as required under Clause 49 (IV)(G) of the Listing Agreement in respect of Directors being re-appointed

### (A) Mr. Cyrus Guzder

Mr. Cyrus Guzder has a Masters Degree (Honours) from Trinity College, Cambridge University, U.K. in Economics & Oriental Studies.

He is the Chairman & Managing Director of AFL Private Ltd. (formerly Airfreight Ltd.) Founded in 1945, AFL is a multi-divisional company engaged in logistics, courier services and global freight forwarding.

He held several important positions in the Travel Industry association in the past. He is the Chairman of Confederation of Indian Industries (CII) National Committee on Transportation and Logistics.

As on date Mr. Guzder holds 986 equity shares in the Company.

Apart from the Company, Mr. Guzder is also on the Board of Directors of the following public limited companies :

- BP India Ltd.
- Mahindra Holidays & Resorts India Ltd.
- N.S. Guzder & Company Ltd.
- Zeenia Realtors Ltd.

Apart from being a member of the Audit Committee and Chairman of Remuneration Committee and Shareholder/Investors' Grievance Committee of the Company, Mr. Guzder is also a chairman/member of the following committees:

NAME OF THE COMPANY	NAME OF THE COMMITTEE	MEMBER/CHAIRMAN
Mahindra Holidays & Resorts India Ltd.	Audit Remuneration	Chairman Member

### (B) Mr. Berjis Desai

Inducted on the Board in 2006, Mr. Berjis Desai is an eminent Solicitor and is currently the Managing Partner of J. Sagar Associates, a leading law firm. Mr. Desai has completed his B.A. (Hons) (First Class), LL.B. (First Class First) both from University of Bombay, LL.B. (now LL.M. - First Class First, starred First) from University of Cambridge, U.K. and Solicitor (First Class First) from Bombay Incorporated Law Society.

Mr. Desai has been practicing law since 1980 and was a founder partner of Udwadia, Udeshi & Berjis. He specializes in financial & securities laws, structured finance, securitisation and OTC derivatives as well as offshore investments. In addition, he has extensive experience both as an Arbitrator and Counsel in international commercial as well as domestic arbitrations.

Mr. Desai is a frequent speaker and presenter at conferences and seminars. He has been a working journalist with a leading Indian daily and is a columnist in Indian newspapers. He is a member of American Arbitration Association, The Bombay Incorporated Law Society and The London Court of International Arbitration. He is an Arbitrator on the panels of The London Court of International Arbitration and ICC (India).

As on date, Mr. Desai holds 1,00,800 equity shares of the Company.

Apart from the Company, Mr. Desai is also on the Board of Directors of the following public limited companies :

- Sterlite Industries (India) Limited
- NOCIL Limited
- Praj Industries Limited
- Emcure Pharmaceuticals Limited
- Greatship (India) Limited
- Centrum Capital Limited
- Deepak Nitrite Limited



Apart from being a member of the Audit Committee, Remuneration Committee and Shareholder/Investors' Grievance Committee of the Company, Mr. Desai is also a chairman/member of the following committees :

NAME OF THE COMPANY	NAME OF THE COMMITTEE	MEMBER/CHAIRMAN
Sterlite Industries (India) Ltd.	Shareholders & Grievance	Member
	Audit	Member
	Composition of Remuneration	Chairman
	Share/Debenture Transfer	Member
NOCIL Limited	Share Transfer	Chairman
	Investor Grievance	Chairman
Praj Industries Limited	Compensation and Share Allotment	Chairman
Emcure Pharmaceuticals Ltd.	Audit	Member
	Composition of Remuneration	Member
Centrum Capital Limited	Investor Grievance	Chairman
Greatship (India) Limited	Audit	Member

## Chairman's Statement

Dear Shareholders,

The financial year 2008-09 will go down in the chronicles of history as one of the most tumultuous years and a period of acute volatility. This was true of the entire global economy and in particular for the shipping industry. While the world witnessed the collapse/nationalization of many global banking giants and business activity fell staggeringly, the tanker markets held firm for the most of it. The dry bulk sector on the other hand, saw very high volatility as it experienced in a short span of time both historical highs as well as historical lows on freight rates.

In the midst of such an environment, Great Eastern has performed reasonably well. This has been possible due to the foresight of the professional management team and the Company's conservative operating strategies which has always been the guiding principle of this Company. Your Company has recorded a net profit of Rs.1384.82 crores on a standalone basis and Rs.1417.83 crores on a consolidated basis and has announced a total dividend of Rs.8.00 per share.

The outlook for the global economy is clearly not very bright as the US, EU, UK and other major Western economies are projecting negative GDP growth for 2009. Global trade volumes are also expected to shrink.

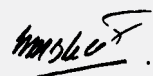
Contraction in world output is likely to impact the two major drivers of shipping, viz., energy consumption and steel demand. All of these point towards extreme caution in the year ahead for the shipping industry. In such an environment, your Company is treading cautiously and gearing itself to face the tough times.

Your Company's subsidiary, Greatship (India) Limited, has now achieved significant size of operations and has added Rs.44.7 crores to the consolidated net profit of your Company. The coming year is likely to see a much bigger contribution from them as they take deliveries of 9 new state-of-the-art vessels and a newly built 350 feet Jack up Rig.

Looking ahead, I foresee another year of a challenging business environment. Here I would like to re-emphasize and request for support from all its constituent stakeholders as your Company strives to tide over these times to achieve yet higher levels of performance and operational excellence always keeping paramount the safety of life, cargo and environment.

Finally, I would like to thank all my colleagues, onshore and on board all our vessels for their unstinting support and commitment.

With warm regards,



**K. M. Sheth**  
Executive Chairman







# DIRECTORS' REPORT

## Directors' Report

Your Directors are pleased to present the 61st Annual Report on the business and operations of your Company and Audited Accounts for the financial year ended March 31, 2009.

### Financial Performance

Your Company has for the 9th year in succession achieved record profits :

	RS. IN LAKHS	
	2008-09	2007-08
Total Income	336474	320351
Total Expenditure	194505	180058
<b>Profit before tax</b>	<b>141969</b>	<b>140293</b>
Less : Provision for taxation		
- Current tax	4375	4500
- Fringe Benefit tax	125	120
<b>Profit for the year after tax</b>	<b>137469</b>	<b>135673</b>
Add : Prior period adjustments	1013	8
	<b>138482</b>	<b>135681</b>
Less : Transfer to Tonnage Tax Reserve Account under Section 115VT of the Income-tax Act, 1961	23000	22500
	<b>115482</b>	<b>113181</b>
Add : Transfer from Reserve under Section 33AC of the Income-Tax Act, 1961	-	24000
Add : Transfer from Exchange Fluctuation Reserve	-	2500
	<b>115482</b>	<b>139681</b>
Add : Surplus brought forward from previous year	183949	90991
<b>Amount available for appropriation</b>	<b>299431</b>	<b>230672</b>
<b>Appropriations :</b>		
- Transfer to General Reserve	14000	20000
- Interim Dividend on Equity Shares	12183	22841
- Tax on Dividends	2071	3882
<b>Balance Carried Forward</b>	<b>271177</b>	<b>183949</b>

The total income for the year was recorded at Rs. 336474 lakhs as against Rs. 320351 lakhs in the previous year and a Net Profit after prior period adjustments of Rs. 138482 lakhs as against Rs. 135681 lakhs in the previous year.

### Dividend on Equity Shares

For the year under review, your Directors declared 3 interim dividends aggregating Rs. 8 per share.

The aggregate outflow on account of the equity dividend for the year would be Rs. 14254 lakhs including tax on dividend. This represents a payout ratio of 10.29% (previous year 19.70%).

The Board does not recommend any final dividend for the year under review.

### Convertible Warrants

Out of the 5005000 warrants allotted on August 09, 2007 to certain Promoters and Non Executive Directors on preferential basis, 10000 warrants were converted into Equity Shares at the predetermined price of Rs. 312.75. The balance 4995000 warrants, which were not converted due to unfavourable market conditions, stood cancelled at the expiry of the 18 months period. As per the terms of the issue, the amount of Rs. 1598.40 lakhs being the amount received upfront from the warrant holders @ Rs. 32 per warrant stood forfeited.

### Allotment of Further Shares

During the year, the Company allotted 5760 Equity Shares of Rs. 10 each pursuant to the order received from The Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 out of the 332290 Rights Equity Shares held in abeyance.



## Subsidiaries

### Greatship (India) Limited

Greatship (India) Limited (GIL), having commenced commercial activities during FY 07, is establishing itself as a premier service provider in the offshore energy exploration and production domain globally and in India. Your Company has till date invested Rs. 85200 lakhs in the equity share capital and Rs. 26400 lakhs in the preference share capital of GIL taking the total investment by way of equity and preference to Rs. 111600 lakhs.

GIL has achieved a profit of Rs.5063 lakhs on a standalone basis and Rs.4472 lakhs on a consolidated basis for the year ended March 31, 2009. The net worth of GIL for FY 09 was Rs. 128376 lakhs as compared to Rs.68845 lakhs for FY 08 on a consolidated basis.

GIL, alongwith its subsidiaries, is currently owning 5 Platform Supply Vessels (PSV), 5 Anchor Handling Tug cum Supply Vessels (AHTSV). It is also operating 1 inchartered Jack up Rig and 1 inchartered PSV. In addition, GIL with its subsidiaries has a committed capital expenditure of USD 719 million (approx. Rs.3595 crores) for 16 more assets. These include 4 Multipurpose Platform Supply & Support Vessels, 2 Multipurpose Support Vessels (MSV), 4 Platform/ROV Support Vessels, 5 AHTSVs and a 350 ft Jack up Rig. These assets are likely to be delivered between FY 10 and FY 12.

GIL has 4207000 warrants (convertible into equity shares) outstanding. During FY 09, GIL granted 311900 stock options to its employees under various Employee Stock Options Schemes. GIL has 998900 stock options outstanding.

On November 10, 2008, GIL incorporated a company named 'Greatship DOF Subsea Projects Private Limited' for the purpose of its proposed joint venture with DOF Subsea ASA, Norway. The joint venture will focus on subsea project opportunities. Greatship DOF Subsea Projects Private Limited is presently a wholly owned subsidiary of GIL. The first financial year of Greatship DOF Subsea Projects Private Limited will end on March 31, 2010. However, the accounts for the limited purpose of consolidation have been made for the period November 10, 2008 to March 31, 2009.

GIL has following other wholly owned subsidiaries:

- a) Greatship Global Holdings Ltd., Mauritius
- b) Greatship Global Offshore Services Pte. Ltd., Singapore
- c) Greatship Global Energy Services Pte. Ltd., Singapore

Greatship Holdings B.V., Netherlands, which was a wholly owned subsidiary of GIL, was voluntarily liquidated on June 29, 2008.

### Other subsidiaries

Apart from GIL and its subsidiaries, your Company has following other wholly owned subsidiaries -

- a) The Great Eastern Shipping Co. London Ltd.
- b) The Greatship (Singapore) Pte. Ltd.
- c) The Great Eastern Chartering LLC (FZC)

### Subsidiaries' accounts

The Central Government, in exercise of the powers conferred by sub section (8) of Section 212 of the Companies Act, 1956, has directed that the provisions contained in sub section (1) of Section 212 of the Companies Act, 1956 shall not apply in respect of the subsidiaries of the Company for the financial year ended March 31, 2009. Accordingly, the annual accounts of the subsidiary companies have not been attached to the Balance Sheet of the Company as at March 31, 2009. The annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies are also available for inspection, during business hours, at the Registered Office of the Company and at the head offices of the respective subsidiary companies. As per the terms of the exemption letter, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2009 is included in the Annual Report.

## Management Discussion and Analysis

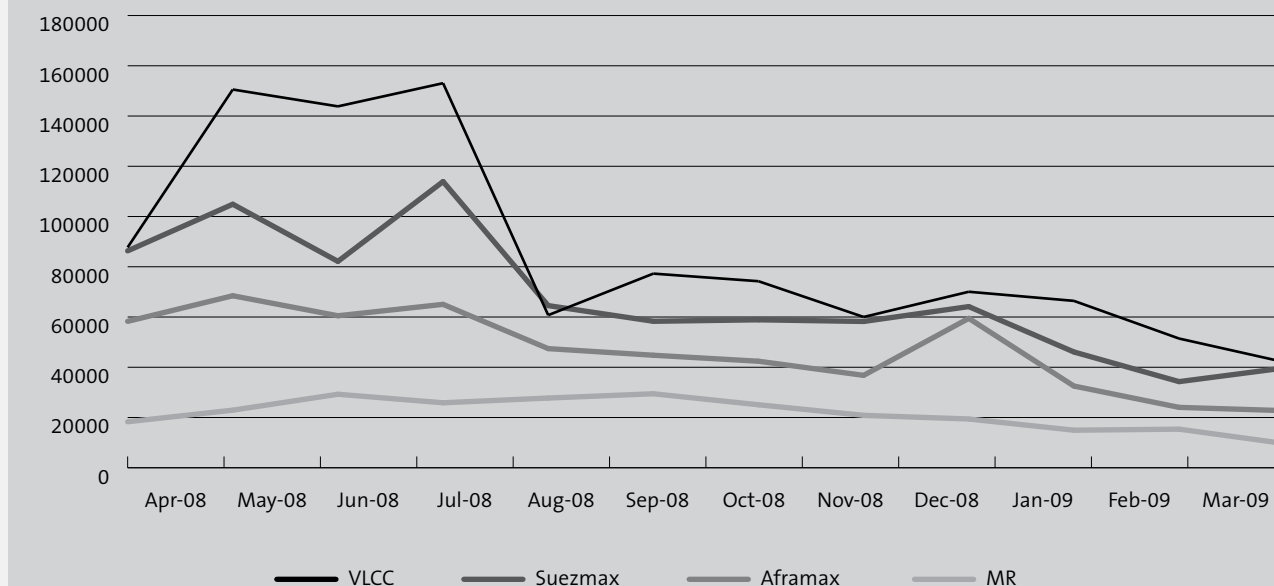
### Company Performance

In FY 09, the Company recorded a total income of Rs. 336474 lakhs (previous year Rs. 320351 lakhs) and earned a PBIDT of Rs. 199182 lakhs (previous year Rs. 189316 lakhs).

### Tanker Business

#### Market Trend and Analysis

Tanker average spot earnings over the year \$ per day



Source: Clarksons

Following from FY 08, FY 09 overall was a great year for tankers. The strong tanker market in the first half of the year was mainly driven by robust oil production, limited fleet growth due to conversions/scrapping and storage of oil on tankers. However, the collapse of world economy has had a detrimental impact on global oil demand. World oil demand shrank by 0.3%, or 0.28 million barrels per day ("b/d"), in 2008, after recording a growth of 1.3% in 2007. The second half saw reduced oil demand, collapsing oil prices, OPEC cuts and credit crunch which impacted tanker demand.

The world tanker fleet increased to 416.9 million dwt at the end of the financial year, 7.5% higher than the 387.7 million dwt at the beginning of FY 08-09.

Extreme volatility and a record high crude oil price characterized the oil market in 2008. After OPEC cut output in 2007, the year 2008 started with relatively low oil inventories and an oil price of \$100 on a distinct upward trend. OPEC then had a strong incentive to raise its output until the capacity limit was reached in July, at a price level of \$147 per barrel. OPEC crude supply increased to 3 to 4 percent in the first half of the year, with the Middle East increasing by 5 to 6 percent. This strong supply growth was the main driver of the strong tanker markets in 2008. However, as the global economy weakened sharply in the second half of 2008 oil prices virtually collapsed and OPEC announced output cuts of 4.2 million barrels per day in September. Stricter OPEC compliance with production adjustments combined with high inventory levels and increased tanker deliveries, totaling about 12 million dwt in the last quarter of FY 09, adversely impacted tanker earnings towards the end of FY 09.

### Company Performance

The tanker business accounted for around 67% of the Company's net revenues and 59% of the operating profits.

In FY 08-09, around 64% of the tanker earnings were derived from the spot market. The crude tankers, inclusive of 'spot' and 'period', earned an average TCY of \$ 41200/day (previous year \$ 30000/day). The product carriers, inclusive of 'spot' and 'period', earned an average TCY of \$ 23700/day (previous year \$ 20250/day).

### Tanker Fleet Changes

The tanker fleet of your Company stood at 31 tankers aggregating 2.38 million dwt, with an average age of 9.9 years (as of March 31, 2009) as against 33 tankers aggregating 2.35 million dwt with an average age of 10.53 years as on March 31, 2008.



During the year, your Company took delivery of two double hull Long range one (LR1) product tankers 'Jag Aabha' in November 2008 and 'Jag Aanchal' in December 2008.

Subsequently double hull tanker 'Jag Amisha' was delivered to your Company in April 2009.

During the year, your Company sold the following vessels –

Product tanker 'Jag Prayog' in June 2008 and Gas carrier 'Jag Vayu' in February 2009.

During the year, your Company also delivered product tankers 'Jag Praja' and 'Jag Arpan' in April 2008.

Subsequently your Company also delivered product tanker 'Jag Payal' in May 2009.

During FY 08-09, your Company placed orders for two Suezmax tankers, both of which are to be delivered in 2011. The total tanker new buildings orders for your Company now rest at three vessels.

## Outlook for the Tanker Market

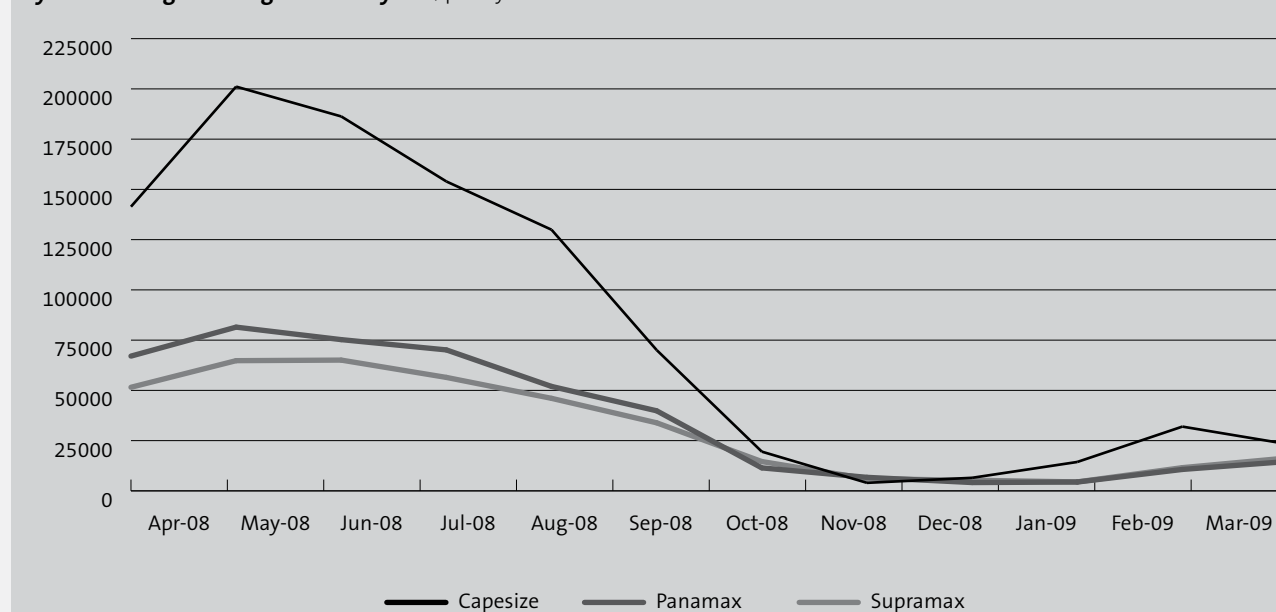
As per the IEA, world oil demand is expected to decrease by about 2.4 million barrels per day (or about 2.8%) in 2009. 2009 is going to be a tough year as the world copes with a severe financial crisis and an uncomfortable unwinding of global imbalances. We expect a significant decline in the utilization rate for tanker and thus a significant decrease in freight rates for all segment of tankers from 2008 to 2009.

The global tanker orderbook currently stands at about 161.3 million dwt, or 38.7% of the fleet at the end of March 2009. Of this, approximately 49.7 million dwt, or 12% of current fleet, is due for delivery in the balance of calendar year 2009. With about 22 million dwt of removals expected, the net fleet growth in tankers in 2009 will be about 9-10%. Overall, average tanker earnings in FY 10 are expected to be significantly lower than in FY 09.

## Dry Bulk Business

### Market Trend and Analysis

**Dry bulk average earnings over the year \$ per day**



Source: Baltic Exchange

The year 2008 was a year of extraordinary volatility in the dry bulk shipping industry. Strong dry bulk earnings seen during the first half of 2008 could not sustain as collapse of global financial system led to massive industrial cuts and restricted credit availability. This severely impaired dry bulk trade and hence demand for dry bulk tonnage.

During the first half of 2008, the steel industry (Chinese in particular) drove the seaborne trade in iron ore and coal. Iron ore transportation reached an all time high, clocking around 7% increase from the year before. There was an intensive period of Chinese raw material imports that preceded the August Olympics. In 2008 it recorded about 444 million tonnes of iron ore, about 60 million tonnes more than that for 2007. Modest fleet growth (about 2.8%) also contributed to strong earnings seen during the first half of the year. However, global economic downturn during the second half of the year completely reversed demand dynamics for the dry bulk sector. Trade credit was paralysed as the global banking system suffered in the aftermath of the collapse of Lehman Brothers. Commodity prices plummeted from all time highs forcing most European and Chinese Steel majors to cut

back production, thereby adversely hampering demand for major dry bulk raw materials like iron ore and coking coal. Meanwhile, huge inventories built up at the Chinese ports negated any incremental need for dry bulk transportation. Reduced port congestion lowered turn around time for ships thereby increasing dry bulk tonnage availability. The world dry bulk fleet increased to 423.4 million dwt at the end of FY 09, about 7% higher than the 396.7 million dwt at the beginning of FY 09.

### **Company Performance**

The dry bulk fleet contributed around 33% of the Company's net revenues and 41% of the operating profits. The average TCY for dry bulk vessels, inclusive of 'spot' and 'period', was approximately \$ 39800/day as compared to \$38400/day in the previous year.

### **Dry Bulk Fleet Changes**

The dry bulk fleet stood at 8 vessels aggregating 0.50 million dwt, with an average age of 13.3 years (as of March 31, 2009) as against 13 vessels aggregating 0.72 million dwt with an average age of 14.48 years on March 31, 2008.

During the year, your Company sold the following vessels –

Handysize bulk carrier 'Jag Vidya' in November 2008, Hanymax bulk carrier 'Jag Rishi' in December 2008 and Handymax bulk carrier 'Jag Riddhi' in March 2009.

During the year, your Company also delivered Panamax bulk carrier 'Jag Akshay' in April 2008 and Handysize bulk carrier 'Jag Vikas' in May 2008.

Subsequently your Company will deliver Handymax bulk carriers 'Jag Rani' and 'Jag Reena' in Q1 FY 10.

During the year, your Company had contracted to sell Supramax bulk carrier 'Jag Rahul'. However the sale of the vessel could not be concluded due to buyers default. The vessel continues to be part of your Company's fleet.

Due to the dramatic change in global economic outlook, your Company cancelled the order for two new building Supramax bulk carriers of approx. 57000 dwt.

Total bulker new buildings orders for your Company now rest at six vessels.

### **Outlook for the Dry Bulk Market**

Prospects for the dry bulk market are inextricably linked to global economic conditions. Demand for major dry bulk commodities is expected to contract/remains subdued given (in the light of) bleak economic outlook for OECD countries. While Chinese exports are clearly capped by restricted demand in the developed economies, the domestic demand for dry commodities, supported by government's stimulus packages, could spring a positive surprise. This could be further aided by easing of credit availability and low commodity prices. However, the dry bulk vessel orderbook stands at about 295.7 million dwt, or about 70% of the existing fleet, at the end of March 2009. Of this, approximately 63.2 million dwt, or 15% of current fleet, is due for delivery in the balance of calendar year 2009. While there could be slippages/cancellations, overall the net dry bulk fleet growth is likely to remain high (around 8-9%). Overall, average dry bulk earnings in FY 10 are expected to be lower than in FY 09.

### **Asset Values**

Second-hand values for modern and older tankers witnessed a drop of 40-60% over the year while modern and older dry-bulk carriers saw a drop of 60-80% in value during the same period. New building prices for tankers and bulkers have also fallen significantly over the previous year. However, in the absence of any new-building orders being placed, it is difficult to assess the quantum of the fall.

### **Risks and Concerns**

**Economic risk:** Shipping is a global business whose performance is closely linked to the state of the global economy. Therefore, the earnings of your Company could be impacted negatively if the global economic situation does not improve over the longer term.

**Volatility :** Over and above the economic risks the shipping industry is impacted by numerous short-term and regional factors, like political fallouts, weather changes etc. This results in great amount of volatility in the freight market, which in turn impacts your Company's earnings.

Your Company has attempted to hedge some of this risk by entering into time charters for part of its fleet. For the year 2009-10, approximately half of the Company's operating days has been covered in this manner.

**Single hull tankers in the fleet :** 81% 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. However, the existing single hull tankers are likely to be phased out in the near future.

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





**OPEC action :** If the OPEC decides to cut output further, this combined with large inventories and increased new building deliveries, could negatively impact the demand for tankers.

## **Foreign Exchange and Risk Management**

Your Company's revenue stream is largely denominated in US dollars, and this exposes the Company's Profit and Loss Account to currency fluctuations. A significant part of this exposure is hedged by denominating most of the debt servicing obligations in US Dollars, and also because a large part of the operating expenses are incurred in US Dollars. The net currency exposure is managed using hedge products like foreign exchange forwards and option contracts. The tenure of these contracts is upto five years.

As on March 31, 2009, your Company had a forward sold position of USD 207 million, with a maximum remaining tenure of less than four years. The average yearwise outstanding contracts form less than 20% of expected revenues every year.

Your Company traditionally borrows USD denominated debt which is largely on LIBOR linked floating rate basis. The Company has a system for taking suitable hedges to swap into fixed interest rates in order to minimize its effective borrowing costs. As of March 31, 2009, your Company had a fixed rate loan book of 60%, and 40% on floating rate basis. With the present levels of low USD LIBOR and low interest rate swaps, the Company is looking to further enhance the ratio of the fixed rate loans at opportune times.

## **Quality, Safety, Health & Environment**

During the year, with respect to Quality, Safety, Health & Environment Management System, several internal functions that were previously done manually have been now transferred to Information Technology based systems. This made Management System more efficient and better for prompt and appropriate decision making.

### **Piracy Risk**

With escalation of piracy incidents in Gulf of Aden & waters around Somalia, your Company has put in place a Code of Practice to mitigate the security risks of its vessels transiting through these waters. The Code of Practice is updated regularly based on changing threat scenarios and emerging best industry practices.

### **Training and Evaluation of Floating Staff**

In order to deal with shortage of seafarers and declining crew competency, your Company is continuing its efforts in enhancing crew skill through various kinds of training programmes; shipboard as well as shore-based. Shore-based training of catering staff in cooking, food preservation, hygiene etc. has also been introduced now.

In-house developed computer based Competency Evaluation System for all new joiners (Officers and Engineers) was introduced during the year.

### **Compliance with Safety & Environment Protection Legislation**

Since your Company's vessels are on worldwide trade, these vessels have to comply with safety and pollution prevention regulations not only of International Maritime Organization which are applicable internationally but also regional and country specific additional requirements when visiting such areas. During the year, system has been put in place to ensure that the Company's vessels comply with Vessel General Permit (VGP) requirements of U.S. Government which has come into force during the year. VGP pertains to discharge of effluents from ships in US waters.

## **Great Eastern Institute of Maritime Studies (GEIMS)**

Great Eastern Institute of Maritime Studies (GEIMS) from its inception in 2006 has made remarkable progress. GEIMS is now operating at its full capacity with six batches of students, at any time training about 300 cadets in a year both on engineering and marine field.

The initial batches of students passed out from GEIMS in 2006 and onwards have joined your Company's vessels. The problem of shortage at junior level is expected to get alleviated in time to come. GEIMS is also going to have facility to conduct STCW courses, which will commence as soon as the infrastructure is ready. GEIMS's academic council is constantly trying to update the syllabus with a view to turn out quality officers. The distance learning programme is closely monitored and continuously followed up with the students, who have realised the benefit from such training.

GEIMS has been successful in having a good faculty and today it can be considered as a beacon of creative maritime education. It has earned its reputation as a fine maritime Institute.

## **Consolidated Financial Statements**

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

The group recorded a consolidated net profit after prior period adjustment of Rs.141783 lakhs for the year under review as compared to Rs.138482 lakhs for the Company. The Networth of the group as on March 31, 2009 was Rs. 523210 lakhs as compared to Rs. 492822 lakhs for the Company.

## Debt Fund Raising

Due to restricted capacity expansion during the year, the Company has raised funds of Rs. 37098 lakhs for the year towards capital expenditure for building tangible assets as against Rs. 68118 lakhs in the previous year. Due to this level of borrowings, the Company's gross debt : equity ratio was 0.62 : 1 and net (of cash) debt : equity ratio was 0.25 : 1 as on March 31, 2009.

## Internal Control System and their adequacy

Your Company has instituted internal control systems which are adequate for the nature of its business and the size of its operations. In the beginning of the year, the scope of the audit exercise and the key business processes and selected risk areas to be audited are decided in consultation with the Audit Committee. The Internal Audit is carried out by a firm of external Chartered Accountants and covers all departments. All significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee comprises of 4 Independent Directors with the Chairman being a person well qualified and conversant with matters pertaining to Accounts and Finance. The Audit Committee met 4 times during the year.

## Role of Information Technology

Your Company has been continuously focusing on most cost effective way of implementing any IT initiatives, without compromising on the quality and at the same time maintaining the high level of technological platform.

Your Company is in the process of implementing multiple IT initiatives by aligning with the business, like upgrading the ship and shore based software to result in higher productivity, initiating online communication between ship and shore to reduce overall communication cost and better connectivity. Intranet application has been introduced within the organization to increase the efficiency in day-to-day operation and to increase the bonding among employees and sense of belongingness with the organization.

Your Company has also taken a first step towards Green-IT by way of introducing the process of scraping electronic materials through Government authorized recycler organization.

## Human Resources

Focused efforts were taken during the year to enhance competence and commitment levels of employees, the two main aspects of Human capital.

Your Company had participated in the 'Best Employer Survey' conducted by Hewitt Associates. This survey participation gave some valuable insights on how the employees perceive the organisation. As per the Hewitt Best Employer Model 'Engaged Employees' want to and actually do strive to improve business results. The Employee Engagement score for the Company was 78%. The Survey also gave an insight into the work practices and policies of the other organizations in India. The Survey results and findings had been shared with the top management as well as the employees of the organization.

With a view to attracting talent to enhance the quality of students who are trained at GEIMS to join as Cadets & Graduate Engineers, 'Campus Connect' programmes had been organized. The programmes aim at building awareness about maritime career, enhancing the quality and diversity of student base at the GEIMS. As a part of this initiative the Company covered 15 top engineering colleges in Bangalore, Coimbatore, Hyderabad and Mangalore.

'Young Leader Program (YLP)' is a foundation programme designed to prepare talented youngsters to become effective business leaders to deliver organization's current and future business objectives. During the year, a set of programmes were conducted for the young managers to build leadership capabilities, explore self and interpersonal relations at work. These programmes also provided the participants an opportunity to appreciate cross functional roles and build team spirit across functions. The methodologies used were business case studies, presentations, process labs etc.

Like last few years, your Company witnessed enthusiastic participation from its employees in the Mumbai Marathon 2009.

Your Company had employee strength of 195 on shore and 314 floating as on March 31, 2009.

## Directors

Mr. Cyrus Guzder and Mr. Berjis Desai retire by rotation and being eligible, offer themselves for re-appointment.

## Corporate Governance

Your Company was Corporate Governance compliant much before SEBI stipulated deadline in the year 2005. Your Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement, relating to Corporate Governance. A separate section on Corporate Governance forms part of the Directors' Report and the certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance is included in the Annual Report.

## Risk Management Process

In accordance with requirements of Clause 49 of the Listing Agreement, your Company has established a Risk Management





programme for its business risks. The programme is built upon the foundation of the existing risk management process and practices of the Company and has evolved a structured approach for risk management to manage significant risks faced by your Company.

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

The Risk Management framework involves risk identification, assessment, treatment/action plan, review and reporting as a continuous process.

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

## Directors Responsibility Statement

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

- i. in preparation of the annual accounts, the applicable accounting standards had been followed (alongwith proper explanation relating to material departures) and that there are no material departures;
- ii. they have, selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis.

## Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Pursuant to Notification No. GSR 1029 dated 31.12.1988 your Company is not required to furnish prescribed information regarding conservation of energy and technology absorption, as Shipping Industry is not covered by the schedule to the said rules. The details of Foreign Exchange Earnings and Outgo are:

	RS. IN LAKHS
(a) Foreign Exchange earned on account of freight, charter hire earnings, etc.	278796
(b) Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships (net of loan), interest payment, etc.	192003

## Particulars of Employees

Statement pursuant to Section 217(2A) of the Companies Act, 1956 (Act), read with the Companies (Particulars of Employees) Rules, 1975, is annexed to this Report. As contemplated by Section 219 of the Act, members are provided with abridged accounts. Members desirous of receiving the Statement pursuant of Section 217(2A) will be provided the same on receipt of written request from them.

## Auditors

Messrs Kalyaniwalla & Mistry, the Auditors of your Company, who hold office until the conclusion of the forthcoming Annual General Meeting being eligible, offer themselves for re-appointment.

## Appreciation

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

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

For and on behalf of the  
Board of Directors

**K.M. Sheth**  
Executive Chairman

Mumbai, May 08, 2009

# Corporate Governance Report

## 1. Company's Philosophy on Code of Governance

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

## 2. Board of Directors

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and to separate the Board functions of governance and management. The Board of Directors of the Company has an optimum combination of Executive and Non Executive Directors and comprises of 9 Directors as on March 31, 2009 of which 6 are Non-Executive Directors. As the Company has an Executive Chairman, as per the requirements of Clause 49 of the Listing Agreement, 50% of the Board should comprise of Independent Directors. Accordingly the Company has 5 Independent Directors as on March 31, 2009. The composition of the Board, Number of Directorships, Memberships/Chairmanships in public companies and details of shares of the Company held by the Non Executive Directors as on March 31, 2009 are as follows :

NAME OF THE DIRECTOR	NO. OF OTHER DIRECTORSHIPS <sup>#</sup>	COMMITTEE MEMBERSHIP <sup>@</sup>	CHAIRPERSON OF COMMITTEES <sup>@</sup>	SHARES OF THE COMPANY HELD BY THE NON EXECUTIVE DIRECTORS
<i>Promoter Executive Directors</i>				
Mr. K. M. Sheth	-	-	-	-
Mr. Bharat K. Sheth	1	-	-	-
Mr. Ravi K. Sheth	2	1	-	-
<i>Promoter Non Executive Director</i>				
Ms. Asha V. Sheth	-	-	-	2124081
<i>Independent Directors</i>				
Mr. R. N. Sethna	4	2	1	50000
Mr. Cyrus Guzder	4	-	1	986
Mr. Keki Mistry	12	7	2	640
Mr. Vineet Nayyar	5	1	-	23005
Mr. Berjis Desai	7	4	2	100800

<sup>#</sup> Excludes Directorships in private limited companies, foreign companies and Section 25 companies.

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

Mr. K. M. Sheth is the father of Mr. Bharat K. Sheth and Mr. Ravi K. Sheth.

As per the provisions of the Companies Act, 1956, 1/3 rd of the Directors liable to retire by rotation are required to retire every year. Accordingly, Mr. Cyrus Guzder and Mr. Berjis Desai are liable to retire by rotation at the 61st Annual General Meeting and are eligible for re-election.

Attention of the members is invited to the relevant item of the Notice of the Annual General Meeting seeking their approval for the aforesaid re-appointments. The information as required under Clause 49 (IV)(G) of the Listing Agreement is annexed to the Notice of the Annual General Meeting.

### Code of Conduct

All Personnel to whom the Code of Conduct is applicable have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2009. A declaration to this effect, duly signed by the Deputy Chairman & Managing Director, is annexed hereto.

### Board Meetings

The Board Meetings of the Company are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All items on the Agenda are backed by comprehensive background information to enable the Board to take informed decision. Agenda papers are generally circulated seven days prior to the meeting of the Board.

During the year ended March 31, 2009, 5 Board Meetings were held on May 02, 2008, July 18, 2008, October 24, 2008, January 30, 2009 and March 20, 2009. The attendance of Directors at the Board Meetings held during the year 2008-09 is as follows :



NAME OF THE DIRECTOR	NO. OF MEETINGS ATTENDED
Mr. K. M. Sheth	5
Mr. Bharat K. Sheth	5
Mr. Ravi. K. Sheth	5
Ms. Asha V. Sheth	5
Mr. R. N. Sethna	5
Mr. Cyrus Guzder	5
Mr. Keki Mistry	5
Mr. Vineet Nayyar	4
Mr. Berjis Desai	5

### 3. Committees

To focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. The inputs and details required for their decisions are provided by the executives/management. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.

#### A) Audit Committee

The management is primarily responsible for internal controls and financial reporting process. The Board of Directors have entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain transparency, integrity and quality of financial controls and reporting.

##### Terms of reference

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
  - Any change in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions by the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function.
  - Discussion with internal auditors on any significant findings and follow up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the Company's financial and risk management policies.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

## Composition of Audit Committee

As on date the Committee comprises of 4 Independent Directors, namely, Mr. Keki Mistry, Mr. R. N. Sethna, Mr. Cyrus Guzder and Mr. Berjis Desai. The Committee met 4 times on May 02, 2008, July 18, 2008, October 24, 2008 and January 30, 2009. Details of attendance of the members at the Committee meetings held during the year 2008-09 is as follows :

	MR. KEKI MISTRY (CHAIRMAN)	MR. R. N. SETHNA	MR. CYRUS GUZDER	MR. BERJIS DESAI
Number of meetings attended	4	4	4	4

The Audit Committee Meetings are attended by the President – Corporate, Chief Financial Officer, representatives of Internal Audit Firm and Statutory Auditors. Whenever required, the Deputy Chairman & Managing Director and other senior officials of the Company are requested to attend the meetings. Mr. Jayesh M. Trivedi, Company Secretary, is the Secretary of the Committee.

## B) Remuneration Committee

### Terms of reference

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

### Composition of Remuneration Committee

As on date the Committee comprises of 3 Independent Directors, namely, Mr. Cyrus Guzder, Mr. R. N. Sethna and Mr. Berjis Desai. The Committee met twice on May 02, 2008 and July 18, 2008. Details of attendance of members at the Committee meetings held during the year 2008-09 is as follows :

	MR. CYRUS GUZDER (CHAIRMAN)	MR. R. N. SETHNA	MR. BERJIS DESAI
Number of meetings attended	2	2	2

Mr. Jayesh M. Trivedi, Company Secretary, is the Secretary of the Committee.

## The Remuneration Policy

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

Considering the prevailing outlook of the shipping industry, the Remuneration Committee rationalised the Commission payable to the Wholetime Directors. Mr. K.M. Sheth, Mr. Bharat K. Sheth, Mr. Ravi K. Sheth have been paid a Commission of 1 time, 2 times and 1.5 times their annual consolidated Salary against their entitlement of 2 times, 4 times and 4 times of their annual consolidated Salary respectively. Similarly the Board of Directors also rationalised the Commission payable to the Non-Wholetime Directors.

### Details of Remuneration paid/to be paid to all Directors for FY 2008-09

(AMOUNT IN RS.)

NAME OF DIRECTOR	SALARY*	BENEFITS	COMMISSION
Mr. K. M. Sheth	1,99,99,992	2,69,533	200,00,000
Mr. Bharat K. Sheth	2,07,00,000	5,07,961	414,00,000
Mr. Ravi K. Sheth	1,39,99,992	5,09,036	210,00,000
Mr. Cyrus Guzder	-	-	10,00,000
Mr. Keki Mistry	-	-	10,75,000
Mr. Vineet Nayyar	-	-	7,50,000
Mr. R. N. Sethna	-	-	9,00,000
Ms. Asha V. Sheth	-	-	7,75,000
Mr. Berjis Desai <sup>#</sup>	-	-	9,25,000
<b>Total</b>	<b>5,46,99,984</b>	<b>12,86,530</b>	<b>8,78,25,000</b>

\* Salary includes contribution to provident fund and superannuation fund.

<sup>#</sup> The payment of sitting fees for Board and Committee meetings has been discontinued with effect from May 02, 2008. Mr. Berjis Desai was paid Rs. 5000 as sitting fees for a meeting of the special committee of Directors held prior to May 02, 2008.



- Commission to the Executive Directors is paid as determined by the Remuneration Committee based on certain performance parameters and profitability of the Company and is within the overall limit fixed by the members.
- Commission to the Non Executive Directors is determined after taking into account profitability of the Company, the valuable guidance of the Directors for the various business initiatives and decisions at the Board level, membership/chairmanship of various committees of Directors.
- Presently, the Company does not have a scheme for grant of stock options.
- The Company has no pecuniary relationship or transactions with its Non Executive Directors other than payment of commission to them.
- The Remuneration Committee has formulated a Retirement Benefit Scheme for the Wholetime Directors. The Board approved Scheme has been made effective from January 01, 2005. The Scheme provides for provision of pension, medical reimbursements and other benefits to the retiring Wholetime Directors. Accordingly on the basis of an actuarial valuation an amount of Rs. 7.78 crore (Rs. 26.31 lakhs was reversed during the previous year) has been provided during the year for pension payable to Wholetime Directors on their retirement.

### C) Shareholder/Investors' Grievance Committee

The Shareholder/Investors' Grievance Committee oversees redressal of shareholders' and investors' grievances.

#### Terms of reference

- Ensure redressal of shareholders' and investors' complaints relating to transfer of shares, non-receipt of balance sheet, etc.
- Redressal of investors' complaints in respect of non-receipt of dividends/ interests/ payments on redemption of preference shares, debentures, bonds or such other instruments, which are redeemable.

#### Composition of the Committee

As on date the Committee comprises of 3 Non Executive Directors namely Mr. Cyrus Guzder, Mr. Berjis Desai and Ms. Asha V. Sheth. The Committee met twice on May 02, 2008 and October 24, 2008. The details of attendance of the members at the Committee meetings held during the year 2008-09 is as follows:

	MR. CYRUS GUZDER (CHAIRMAN)	MR. BERJIS DESAI	MS. ASHA V. SHETH
Number of meetings attended	2	2	2

- Mr. Jayesh M. Trivedi, Company Secretary, is the Compliance Officer of the Company.
- During the year under review, 47 complaints were received from investors which were replied/resolved to the satisfaction of the investors.
- 4 requests for transfer involving 1507 shares and 12 requests for dematerialisation involving 5649 shares were pending for approval as on March 31, 2009. These pending requests were duly approved and dealt with by the Company.

### 4. Risk Management

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

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

### 5. General Meetings

#### Next Annual General Meeting and date of Book Closure

Date	June 26, 2009
Time	3.00 p.m.
Venue	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai – 400 020
Date of Book closure	June 18, 2009 to June 26, 2009 (both days inclusive)

None of the items to be transacted at the ensuing Annual General Meeting are required to be passed by Postal Ballot.

## General Body Meetings held during previous three financial years

The following are the details of General Body Meetings held during previous three financial years.

MEETING	TIME	LOCATION	SPECIAL RESOLUTIONS PASSED
58th Annual General Meeting	December 18, 2006 at 3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai – 400 020	<ul style="list-style-type: none"><li>• Payment of commission to Non Wholetime Directors.</li><li>• Appointment of Mr. K. M. Sheth as Wholetime Director designated as Executive Chairman.</li><li>• According consent to Ms. Ketaki Sheth to hold and continue to hold an office or place of profit in the Company as an officer of the Company.</li></ul>
59th Annual General Meeting	July 26, 2007 at 3.00 p.m.	Chavan Centre, Gen. Jagannath Bhosale Marg, Near Sachivalaya Gymkhana, Mumbai – 400 021	<ul style="list-style-type: none"><li>• Alteration in Article No. 117A of Articles of Association of the Company for deleting name of Mr. S. J. Mulji and inserting names of Mr. Bharat K. Sheth and Mr. Ravi K. Sheth.</li><li>• Authorising the Board to issue 5005000 Warrants convertible into equity shares of the Company to certain Promoters and Non Executive Directors of the Company under a preferential issue.</li></ul>
60th Annual General Meeting	July 18, 2008 at 3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai – 400 020	<ul style="list-style-type: none"><li>• Revision in remuneration of Mr. K. M. Sheth.</li><li>• Payment of one time additional commission to the Wholetime Directors for the financial year 2007-08.</li></ul>

All resolutions moved at the last Annual General Meeting held on July 18, 2008 were passed by a show of hands by a requisite majority of members attending the meeting.

All the Directors of the Company other than Mr. Vineet Nayyar attended the last Annual General Meeting held on July 18, 2008.

## 6. Disclosures

- a) There were no transactions of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transactions entered into with them.
- b) There were no instances of non-compliances nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any statutory authority during the last 3 years on any matter related to capital markets.
- c) The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.
- d) The Deputy Chairman and Managing Director and the Chief Financial Officer have issued a certificate to the Board in compliance with Clause 49 (V) of the Listing Agreement for the Financial Year ended March 31, 2009.

## 7. Means of Communication to Shareholders

Half-yearly report sent to each household of shareholders	No, as the Results of the Company are published in the newspapers and press releases are also issued.
Quarterly, half yearly and annual results	Published in Business Standard, Hindu Business Line, Free Press Journal and Navshakti.
Whether Company displays official news releases and presentations made to institutional investors or to the analysts on its website	Yes
Whether MD & A is a part of annual report	Yes

### Website of the Company: [www.greatship.com](http://www.greatship.com)

Your Company's official press releases are available and archived on the corporate website [www.greatship.com](http://www.greatship.com). Presentations made to analysts, institutional investors and the media are posted on the website. The Company holds conference calls on declaration of its quarterly results, the transcripts of which are also posted on the website. The shareholders and general public visiting the website have greatly appreciated the contents and user friendliness of the corporate website.



## 8. Shareholders Information

### Financial Calendar

1st Quarterly Result	Last week of July 2009
2nd Quarterly Result	Last week of October 2009
3rd Quarterly Result	Fifth week of January 2010
4th Quarterly Result	Last week of April 2010/first week of May 2010

### Listing on Stock Exchanges

STOCK EXCHANGE	STOCK CODE	ISIN NO.
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	500620	
National Stock Exchange of India Ltd. Exchange Plaza Bandra-Kurla Complex Bandra (E) Mumbai 400 051	GESHIP	INE 017A01032
GLOBAL DEPOSITORY RECEIPTS	NON CONVERTIBLE DEBENTURES	
Euro MTF Market - Luxembourg Stock Exchange Kredietbank S.A. Luxembourgeoise Societe Anonyme 43, Boulevard Royal L-2955 Luxembourg, R. C. Luxembourg B 6395	Wholesale Debt Market – National Stock Exchange of India Ltd. Exchange Plaza Bandra-Kurla Complex, Bandra (E) Mumbai 400 051	

### Share Transfer System

Share Transfer requests received in physical form are registered within an average period of 15 days. A Share Transfer Committee comprising of members of the Board meets once in a week to consider the transfer of shares. Requests for dematerialisation (demat) received from the shareholders are effected within an average period of 15 days.

### Outstanding GDRs

52268.6 GDRs (equivalent to 261343 equity shares) were outstanding as on March 31, 2009.

### Outstanding Warrants

No Warrants were outstanding as on March 31, 2009.

### Plant Location

The Company has no plants.

### Address for correspondence

COMPANY	TRANSFER AGENT*	
Share Department Ocean House, 134-A Dr. Annie Besant Road Worli, Mumbai - 400 018 Tel : 022-66613000/24922200 Fax : 022-24925900 E-mail : shares@greatship.com	Sharepro Services (India) Pvt. Ltd. 13A/B, Samhita Warehousing Complex 2nd Floor, Sakinaka Telephone Exchange Lane Off Andheri-Kurla Road, Sakinaka, Andheri (E) Mumbai - 400 072 Tel : 022-67720300/67720400 Fax : 022-28591568 E-mail : sharepro@shareproservices.com	912, Raheja Centre Free Press Journal Road Nariman Point Mumbai - 400 021 Tel : 022-22881569/66134700 Fax : 022-22825484

\* Kindly note the new address of the Transfer Agent

## 9. Additional Shareholders Information

### Unclaimed Dividends

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund administered by the Central Government. An amount of Rs. 2819241 being unclaimed 47th (Final) dividend was transferred on August 23, 2008 to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956.



The following table gives the dates of dividend declaration or payment since 2002 and the corresponding dates when unclaimed dividend are due to be transferred to the Investor Education and Protection Fund.

**Due dates of transferring unclaimed Dividend to the Investor Education and Protection Fund (IEPF)**

YEAR	DIVIDEND NO.	TYPE	DATE OF DECLARATION	DUE DATE OF TRANSFER TO IEPF
2002	48	Final	25.07.2002	24.08.2009
2003	49	Final	24.07.2003	23.08.2010
2004	50 (I)	Interim	30.01.2004	01.03.2011
2004	50	Final	25.06.2004	25.07.2011
2005	51 (I)	1st Interim	29.10.2004	28.11.2011
2005	51 (I)	2nd Interim	27.01.2005	26.02.2012
2005	51	Final	24.06.2005	23.07.2012
2006	52 (I)	1st Interim	27.10.2005	25.11.2012
2006	52 (I)	2nd Interim	30.01.2006	28.02.2013
2006	52 (I)	3rd Interim	28.04.2006	27.05.2013
2007	53 (I)	1st Interim	27.10.2006	26.11.2013
2007	53 (I)	2nd Interim	25.01.2007	24.02.2014
2007	53	Final	26.07.2007	25.08.2014
2008	54 (I)	1st Interim	19.10.2007	18.11.2014
2008	54 (I)	2nd Interim	29.01.2008	28.02.2015
2008	54 (I)	3rd Interim	02.05.2008	01.06.2015
2009	55 (I)	1st Interim	24.10.2008	23.11.2015
2009	55 (I)	2nd Interim	30.01.2009	01.03.2016

The following table gives the details of unclaimed dividend amount since 2002.

**Unclaimed Dividend as on March 31, 2009**

YEAR	DIV. NO.	TYPE	NO. OF WARRANTS ISSUED	NO OF WARRANTS UNCLAIMED	% WARRANTS UNCLAIMED	AMOUNT OF DIVIDEND DECLARED (RS. IN LAKHS)	AMOUNT OF DIVIDEND UNCLAIMED (RS. IN LAKHS)	% OF DIVIDEND UNCLAIMED
2002	48	Final	159175	7538	4.74	6981	35.33	0.51
2003	49	Final	145716	8691	5.96	7613	44.27	0.58
2004	50(I)	Interim	128230	9577	7.47	4758	29.83	0.63
2004	50	Final	134202	8672	6.46	7613	42.58	0.56
2005	51(I)	Interim	121451	10081	8.30	6662	44.68	0.67
2005	51(I)	2nd Interim	121169	10237	8.45	4758	33.87	0.71
2005	51	Final	121845	9811	8.05	5710	38.33	0.67
2006	52(I)	Interim	123110	10088	8.19	7613	51.36	0.67
2006	52(I)	2nd Interim	118343	10908	9.22	4758	36.61	0.77
2006	52(I)	3rd Interim	114247	10420	9.12	6662	47.78	0.72
2007	53(I)	Interim	115379	9640	8.36	6090	46.25	0.76
2007	53(I)	2nd Interim	117090	9555	8.16	4568	35.09	0.77
2007	53	Final	100167	8996	8.98	6852	46.87	0.68
2008	54(I)	Interim	95754	9463	9.88	6090	46.08	0.76
2008	54(I)	2nd Interim	99140	9758	9.84	5329	39.67	0.74
2008	54(I)	3rd Interim	98740	9338	9.46	11421	77.14	0.68
2009	55(I)	Interim	102383	11174	10.91	3807	33.69	0.88
2009	55(I)	2nd Interim	102554	17942	17.50	3807	49.01	1.29

**Electronic Clearing Services (ECS) for payment of dividend**

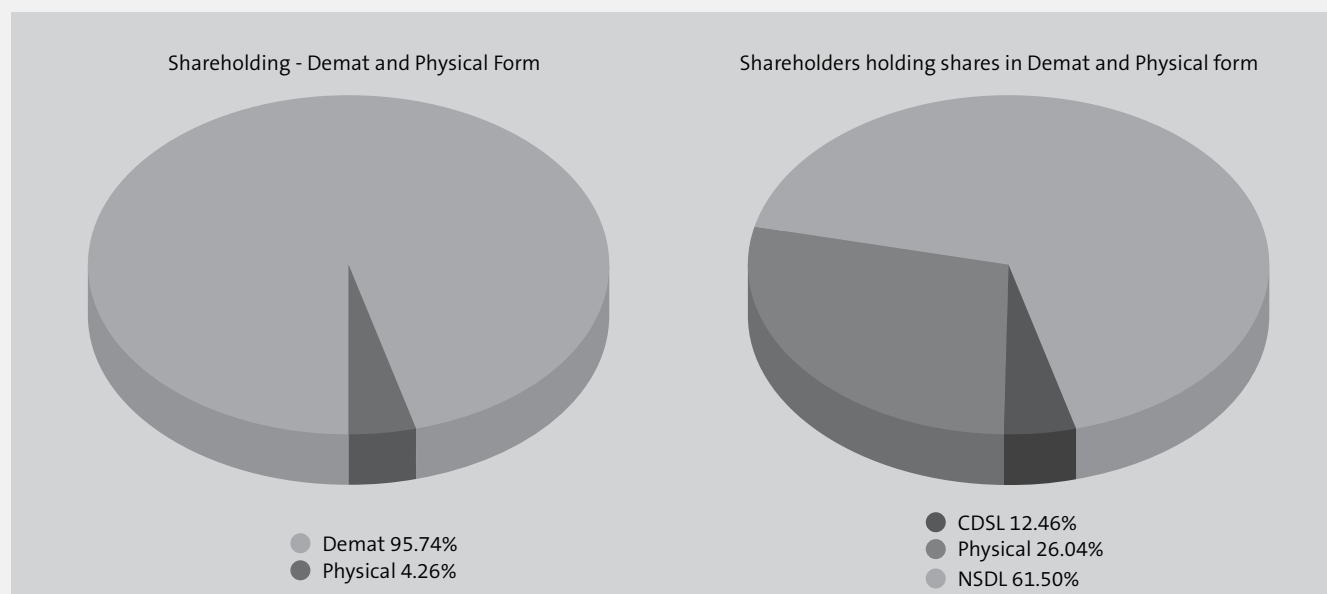
To avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment, shareholders are requested to avail of ECS facility – where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. The ECS application form can be obtained either from the Company's Share Transfer Agent's Office or the Registered Office of the Company.





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

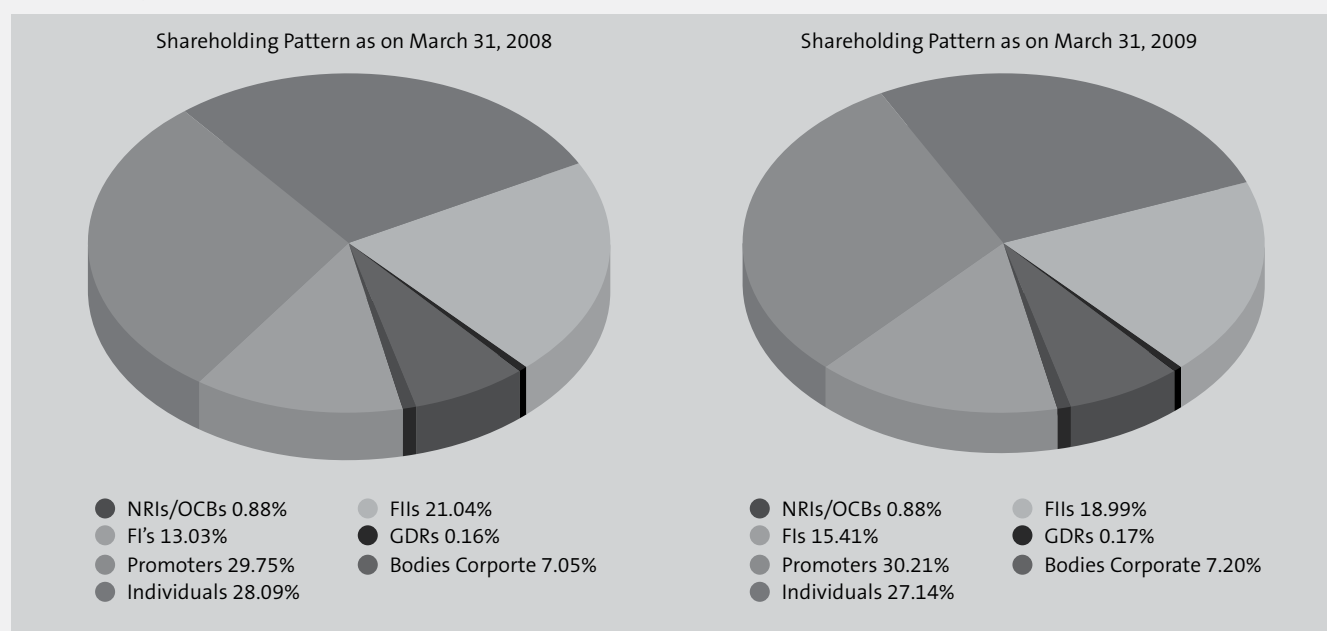
#### Shares held in dematerialised form



#### Shareholders holding shares in dematerialised form may note that :

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

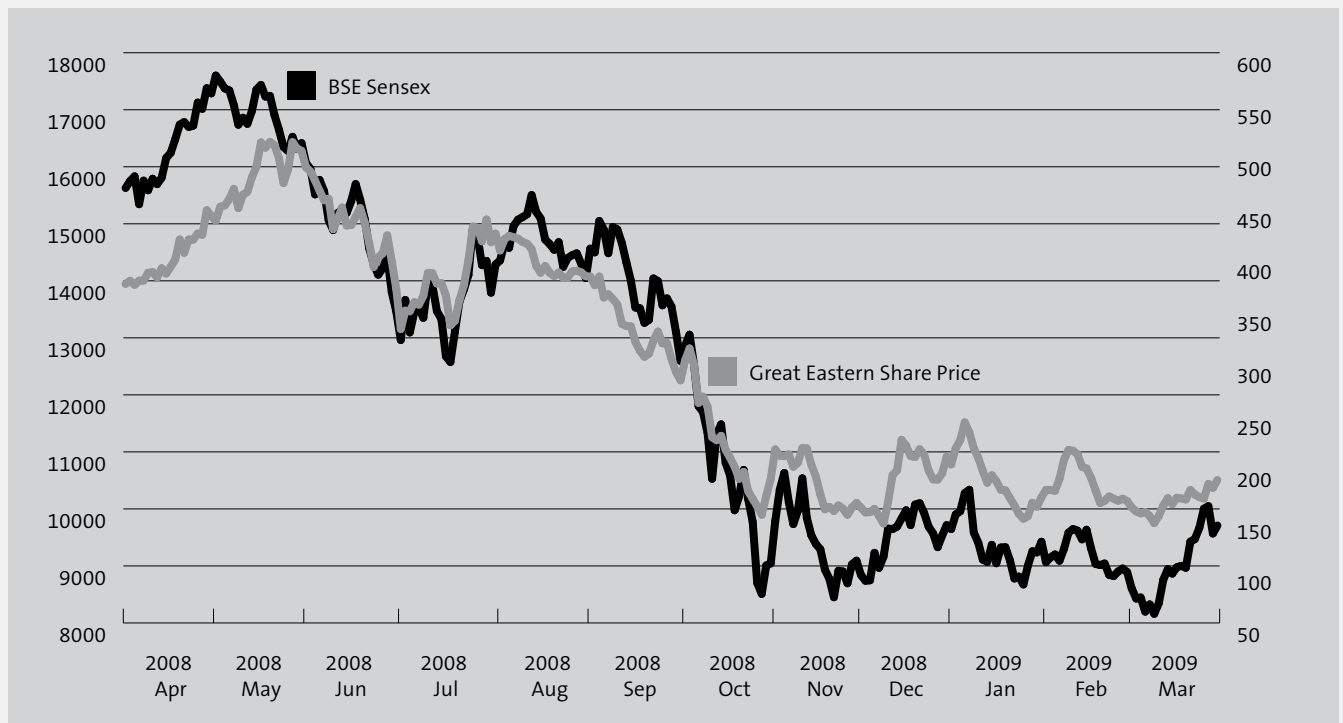
#### Shareholding Pattern



### Distribution of Holdings as on March 31, 2009

NO. OF SHARES HELD		SHARE HOLDERS		NO. OF SHARES	
FROM	TO	NUMBER	% TO TOTAL	SHARES	% TO TOTAL
0	500	90619	86.905	10333442	6.785
501	1000	6467	6.202	4668869	3.066
1001	2000	3490	3.347	4924430	3.234
2001	3000	1209	1.159	2988229	1.962
3001	4000	656	0.629	2311128	1.518
4001	5000	352	0.338	1593760	1.047
5001	10000	739	0.709	5222977	3.430
10001 AND ABOVE		742	0.712	120246849	78.959
<b>Total</b>		<b>104274</b>	<b>100.00</b>	<b>152289684</b>	<b>100.00</b>

### Company's Share Price Compared to BSE Sensex



### Market price data – high/low during each month in the year 2008- 09

MONTH	MARKET PRICE (RS.)		VOLUME Shares
	Highest	Lowest	
April 2008	458.70	365.00	1206566
May 2008	537.20	431.10	3798322
June 2008	514.40	368.15	1687277
July 2008	444.30	316.05	1957561
August 2008	432.90	376.10	1229146
September 2008	389.80	270.25	1996784
October 2008	316.00	138.60	1834725
November 2008	232.85	151.20	2576525
December 2008	231.90	144.10	4534765
January 2009	248.90	142.00	2801579
February 2009	222.50	162.30	5142456
March 2009	189.90	142.60	2725073

Source: BSE



## **10. Status of Compliance with non mandatory requirements**

Your Company continuously strives towards improving its Corporate Governance practices. Whilst your Company is fully compliant with the mandatory requirements of the Clause 49 of the Listing Agreement, the adoption of non mandatory requirements under Clause 49 of the Listing Agreement are reviewed by the Board from time to time. The status of the non mandatory requirements is as follows :

### **Office space for Non Executive Chairman**

The Company has an Executive Chairman and therefore the issue of providing office to Non Executive Chairman does not arise.

The Company has no specific tenure specified for Independent Directors. The tenure of certain Independent Directors exceeds the period of 9 years.

All Independent Directors of the Company have the requisite qualifications and experience which is of use to the Company and which, in the opinion of the Company, would enable them to contribute effectively to the Company in their capacity as Independent Directors.

### **Remuneration Committee**

The Company has a Remuneration Committee, the details of which are mentioned elsewhere in this Annual Report.

### **Shareholders' rights to receive financial results**

The financial results of the Company for every quarter are extensively published in the newspapers and are also put on the Company's website besides being available on the SEBI website [www.sebidifar.nic.in](http://www.sebidifar.nic.in)

### **Audit qualifications**

During the year under review there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

### **Training of Board members**

During the Audit Committee and Board Meetings, the management and the working Directors give extensive briefings to the Board members on the business of the Company.

### **Mechanism for evaluating performance of Non Executive Board members**

The performance evaluation of the Non Executive Board members is done by the Board annually based on the criteria of attendance at the Board/Committee meetings as also the contributions made at the said meetings.

### **Whistle Blower Policy**

Over the past few years, the Company has instilled transparency and follows an open work culture. It also provides a two way open communication system, which aims to provide ample scope for employees to exchange their views and raise concerns protecting their integrity. This has reflected in maintaining a safe and congenial working environment. The Company is confident and takes pride in its proactiveness, which has resulted in building an enterprise comparable to global companies. As the spirit and purpose of the Whistle Blower Policy are met and respected, the Company has currently neither formulated nor adopted any such policy.

## **Declaration by the Deputy Chairman & Managing Director under Clause 49 of the Listing Agreement regarding adherence to the Company's Code of Conduct.**

In accordance with Clause 49 sub clause I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct laid down by the Company, as applicable to them for the Financial Year ended March 31, 2009.

For The Great Eastern Shipping Co. Ltd.

**Bharat K. Sheth**

Deputy Chairman & Managing Director

Mumbai, May 08, 2009

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## **Auditors' Certificate on Corporate Governance**

To the Members of,

The Great Eastern Shipping Co. Ltd.,

Mumbai.

We have examined the compliance of conditions of Corporate Governance by Great Eastern Shipping Co. Ltd. (the Company) for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For and on behalf of

**Kalyaniwalla & Mistry**

Chartered Accountants

**V. R. Mehta**

Partner

M. No. 32083

Mumbai, May 08, 2009





# ASSET PROFILE

## Fleet as on March 31, 2009

CATEGORY		TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	AVG.AGE (YRS)
<b>Crude Oil Carriers</b>						
Total Tonnage (Dwt)	1,567,786	SUEZMAX	1 Jag Lalit	158,344	2005	
No. of Ships	12		2 Jag Lok	158,280	2005	
Average Age (years)	9.5		3 Jag Lakshya	152,485	1989	
% of Total Tonnage	54.4		4 Jag Layak	147,834	1996	
			5 Jag Lateef	147,080	2000	
			6 Jag Lakshita	174,093	2000	
			<b>6</b>	<b>938,116</b>		<b>9.73</b>
		AFRAMAX	1 Jag Lyall	110,531	2006	
			2 Jag Lata	105,716	2003	
			3 Jag Leela	105,148	1999	
			4 Jag Laxmi	105,051	1999	
			5 Jag Lavanya	105,010	2004	
			6 Jag Lamha	98,214	1987	
			<b>6</b>	<b>629,670</b>		<b>9.14</b>
<b>Product Carriers</b>						
Total Tonnage (Dwt)	795,791	LONG RANGE ONE	1 Jag Aabha	74,841	2008	
No. of Ships	18		2 Jag Aanchal	74,811	2008	
Average Age (years)	10.5		<b>2</b>	<b>149,652</b>		<b>1.00</b>
% of Total Tonnage	27.6					
		MEDIUM RANGE	1 Jag Pranam	50,596	1984	
			2 Jag Pavitra	50,600	1985	
			3 Jag Pahel	46,319	2004	
			4 Jag Pankhi	46,346	2003	
			5 Jag Pratap	45,693	1995	
			6 Jag Pradip	45,684	1996	
			7 Jag Panna	37,145	2007	
			8 Jag Payal	37,159	2007	
			9 Jag Prakash	47,848	2007	
			10 Jag Pushpa	47,848	2007	
			11 Jag Prerana	47,824	2007	
			<b>11</b>	<b>503,062</b>		<b>9.26</b>
		GENERAL PURPOSE	1 Jag Pari	29,139	1982	
			2 Jag Preeti	29,139	1981	
			3 Jag Palak	27,402	1985	
			4 Jag Pragati	27,400	1985	
			5 Jag Parwar	29,998	1988	
			<b>5</b>	<b>143,078</b>		<b>24.80</b>



## Fleet as on March 31, 2009

CATEGORY		TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	AVG.AGE (YRS)
<b>Gas Carriers</b>						
Total Tonnage (Dwt)	17,577	LPG CARRIERS	1 Jag Viraj	17,577	1991	
No.of Ships	1		<b>1</b>	<b>17,577</b>		<b>18.00</b>
Average Age (Yrs)	18.0					
% of Total Tonnage	0.6					
<b>Dry Bulk Carriers</b>						
Total Tonnage (Dwt)	500,470	CAPE SIZE	1 Jag Arjun	164,796	1996	
No.of Ships	8		<b>1</b>	<b>164,796</b>		<b>13.00</b>
Average Age (Yrs)	13.3					
% of Total Tonnage	17.4	PANAMAX	1 Jag Arnav	71,122	1995	
			<b>1</b>	<b>71,122</b>		<b>14.00</b>
		SUPRAMAX	1 Jag Ratan	52,179	2001	
			2 Jag Rahul	52,364	2003	
			<b>2</b>	<b>104,543</b>		<b>7.00</b>
		HANDYMAX	1 Jag Reena	45,659	2000	
			2 Jag Ravi	45,342	1997	
			3 Jag Rani	41,545	1984	
			<b>3</b>	<b>132,546</b>		<b>15.04</b>
		HANDYSIZE	1 Jag Vikram	27,463	1980	
			<b>1</b>	<b>27,463</b>		<b>29.00</b>
<b>Fleet Total</b>						
Total Tonnage (Dwt)	2,881,624					
No.of Ships	39					
Average Age (Yrs)	10.5					

## Acquisitions and Sales during FY 2008-09

### Acquisitions

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	MONTH OF ADDITION
<b>New Built Deliveries</b>					
Product Tankers	Long Range One (LR1)	Jag Aanchal	74,840	2008	Dec-08
	Long Range One (LR1)	Jag Aabha	74,811	2008	Nov-08

### Sales

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	MONTH OF SALE
<b>Product Tankers</b>					
	General Purpose	Jag Prayog	29,990	1982	Jun-08
	General Purpose	Jag Praja	29,990	1982	Apr-08
	Panamax	Jag Arpan	66,183	1986	Apr-08
<b>Gas Carriers</b>					
	LPG	Jag Vayu	28,400	1978	Feb-09
<b>Dry Bulk Carriers</b>					
	Handymax	Jag Riddhi	47,240	1997	Mar-09
	Handymax	Jag Rishi	41,093	1984	Dec-08
	Handysize	Jag Vidya	27,451	1977	Nov-08
	Handysize	Jag Vikas	26,781	1977	May-08
	Panamax	Jag Akshay	73,250	1994	Apr-08

## Transactions between April 1, 2009 to May 8, 2009

### Acquisitions

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT
<b>Product Tanker</b>				
	Long Range One	Jag Amisha	74,889	2009

### Sales

CATEGORY	TYPE	VESSEL NAME	DWT(MT)	YEAR BUILT
<b>Product Tanker</b>				
	Medium Range	Jag Payal	37,159	2007





## Vessels on Order as on May 8, 2009

CATEGORY	TYPE	SHIPYARD	DWT (MT)	MONTH OF CONTRACTING	EXPECTED DELIVERY
<b>New Building Order Book position</b>					
Crude Carriers	Suezmax	Hyundai Heavy Industries Ltd.	158,000	Jul-08	Mid 2011
	Suezmax	Hyundai Heavy Industries Ltd.	158,000	Jul-08	End 2011
Product Carriers	Long Range One	STX Shipbuilding Co. Ltd.	74,500	Mar-06	Mid 2009
Dry Bulk Carriers	Kamsarmax	STX Shipbuilding Co. Ltd.	80,800	Oct-07	Early 2011
	Kamsarmax	STX Shipbuilding Co. Ltd.	80,800	Oct-07	Mid 2011
	Supramax	Cosco (Zhoushan) Shipyard Co. Ltd.	57,000	Dec-07	End 2010
	Supramax	Cosco (Zhoushan) Shipyard Co. Ltd.	57,000	Dec-07	Early 2011
	Kamsarmax	SPP Shipbuilding Co. Ltd.	81,000	Dec-07	Mid 2011
	Kamsarmax	SPP Shipbuilding Co. Ltd.	81,000	Dec-07	Mid 2011

## Vessels Contracted to sell as on May 8, 2009

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	EXPECTED DELIVERY
Product Tankers	Medium Range	Jag Panna	37,145	2007	FY2010
Dry Bulk Carriers	Handymax	Jag Rani	41,545	1984	Q1 FY2010
	Handymax	Jag Reena	45,659	2000	Q1 FY2010

## Subsidiary Fleet as on March 31, 2009

### Greatship (India) Limited

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	AVG. AGE (YEARS)
<b>Offshore Support Vessel</b>					
Number	8				
Average Age (yrs)	3.00				
	PLATFORM SUPPLY VESSEL	1 Greatship Disha	3,115	1999	
		2 Greatship Diya	3,350	2003	
		3 Greatship Dipti	3,300	2005	
		4 Greatship Dhriti	3,318	2008	
		5 Greatship Dhwani	3,303	2008	
		<b>5</b>	<b>16,386</b>		<b>4.4</b>
	ANCHOR HANDLING TUG CUM SUPPLY VESSEL	1 Greatship Anjali	2,209	2008	
		2 Greatship Amrita	1,997	2008	
		3 Greatship Akhila	1,639	2009	
		<b>3</b>	<b>5845</b>		<b>0.7</b>

#### Fleet Total

Number	<b>8</b>
Total Tonnage (dwt)	<b>22,231</b>
Average Age (yrs)	<b>3.00</b>

### Greatship Global Offshore Services Pte. Ltd., Singapore

CATEGORY	VESSEL NAME		DWT (MT)	YEAR BUILT	AVG. AGE (YEARS)
Offshore Support Vessel					
	ANCHOR HANDLING TUG CUM SUPPLY VESSEL	1 *Greatship Abha	2,200	2009	0

#### Fleet Total

Number	<b>1</b>
Total Tonnage (dwt)	<b>2,200</b>
Average Age (yrs)	<b>0</b>

\*acquired on a sale and leaseback basis



## Acquisitions in Subsidiaries during FY 2008-09

### Greatship (India) Limited

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	MONTH OF ADDITION
<b>New Built Deliveries</b>					
Offshore Support Vessels	ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Greatship Amrita	1,997	2008	Apr-08
	PLATFORM SUPPLY VESSEL	Greatship Dhriti	3,318	2008	Sep-08
	PLATFORM SUPPLY VESSEL	Greatship Dhwani	3,303	2008	Nov-08
	ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Greatship Akhila	1,639	2009	Feb-09

### Greatship Global Offshore Services Pte. Ltd., Singapore

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	MONTH OF ADDITION
<b>New Built Deliveries</b>					
Offshore Support Vessels					
	ANCHOR HANDLING TUG CUM SUPPLY VESSEL	*Greatship Abha	2,200	2009	Feb-09

\*acquired on a sale and leaseback basis.

## Acquisitions between April 1, 2009 and May 8, 2009

### Greatship (India) Limited

CATEGORY	TYPE	VESSEL NAME	DWT (MT)	YEAR BUILT	MONTH OF ADDITION
<b>New Built Deliveries</b>					
Offshore Support Vessels					
	ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Greatship Asmi	1,634	2009	April-09

## Subsidiary Order Book as on May 8, 2009

CATEGORY	TYPE	SHIPYARD	MONTH OF CONTRACTING	EXPECTED DELIVERY
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### New Building Order Book Position

#### Offshore Support Vessels in Greatship (India) Limited

ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Labroy Shipbuilding & Engineering Pte. Ltd., Singapore	Sep-06	Q1 FY2010
ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Labroy Shipbuilding & Engineering Pte. Ltd., Singapore	Sep-06	Q2 FY2010
PLATFORM/ROV SUPPORT VESSEL	Colombo Dockyard Plc, Srilanka	April-08	Q2 FY2011
PLATFORM/ROV SUPPORT VESSEL	Colombo Dockyard Plc, Srilanka	April-08	Q4 FY2011
ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Drydocks World Singapore Pte. Ltd., Singapore	July-08	Q4 FY2011
ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Drydocks World Singapore Pte. Ltd., Singapore	July-08	Q1 FY2012

#### Offshore Support Vessels in Greatship Global Offshore Services Pte. Ltd., Singapore

ANCHOR HANDLING TUG CUM SUPPLY VESSEL	Colombo Dockyard Plc, Srilanka	June-07	Q1 FY2010
MULTIPURPOSE PLATFORM SUPPLY AND SUPPORT VESSEL	Keppel Singmarine Pte. Ltd., Singapore	July-07	Q2 FY2010
MULTIPURPOSE PLATFORM SUPPLY AND SUPPORT VESSEL	Keppel Singmarine Pte. Ltd., Singapore	July-07	Q3 FY2010
MULTIPURPOSE PLATFORM SUPPLY AND SUPPORT VESSEL	Keppel Singmarine Pte. Ltd., Singapore	July-07	Q3 FY2010
MULTIPURPOSE PLATFORM SUPPLY AND SUPPORT VESSEL	Keppel Singmarine Pte. Ltd., Singapore	July-07	Q4 FY2010
PLATFORM/ROV SUPPORT VESSEL	Colombo Dockyard Plc, Srilanka	Dec-07	Q4 FY2010
PLATFORM/ROV SUPPORT VESSEL	Colombo Dockyard Plc, Srilanka	Dec-07	Q1 FY2011
MULTIPURPOSE SUPPORT VESSEL	Mazagon Dock Limited, Mumbai	Sep-07	Q1 FY2011
MULTIPURPOSE SUPPORT VESSEL	Mazagon Dock Limited, Mumbai	Sep-07	Q1 FY2011

#### Drilling Unit in Greatship Global Energy Services Pte. Ltd., Singapore

JACK UP RIG	Keppel Fels Ltd., Singapore	Jun-06	Q3 FY2010
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# FINANCIALS

## The Year at a Glance

	MARCH 31, 2009		MARCH 31, 2008	
	RS. (IN LAKHS)	US\$ (IN MILLIONS)	RS. (IN LAKHS)	US\$ (IN MILLIONS)
	(EXCEPT FOR EARNINGS & CASH EARNINGS PER SHARE)			
<b>For the year</b>				
Total Revenue	336474	736	320351	793
Operating Profit (PBIDT)	199182	436	189316	469
Net Profit	138482	303	135681	336
Cash Profit	180331	395	169776	420
PBIDT as a percentage of total revenue	59.20	59.20	59.10	59.10
Return on Equity (percentage)	30.43	30.43	37.47	37.47
Earnings per share (Rs./US\$)	90.94	1.99	89.11	2.21
Cash earnings per share (Rs./US\$)	118.41	2.59	111.50	2.76
Dividend amount (Including tax on dividend)	14254	31	26723	66
Capital Investment	122085	267	154418	382
<b>At the end of the year</b>				
Total assets	878839	1733	711636	1774
Fixed assets	537401	1060	483259	1205
Total debt	306655	605	248458	619
Net worth	492822	972	417339	1040
Equity Capital	15229	30	15227	38

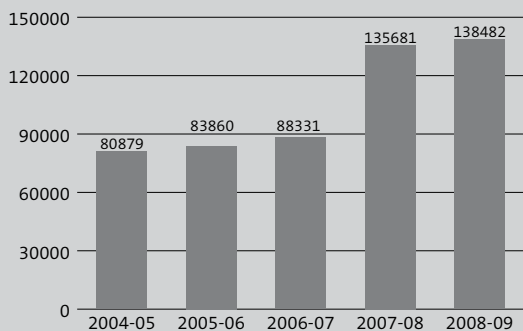
Figures in US\$ are arrived at by converting Rupee figures at the average conversion rate for all for the year items and at closing rate for all year end items, as given below, to facilitate comparison

	Rs./US\$	
Exchange Rate	2008-09	2007-08
-Average	45.71	40.40
-Closing	50.72	40.12

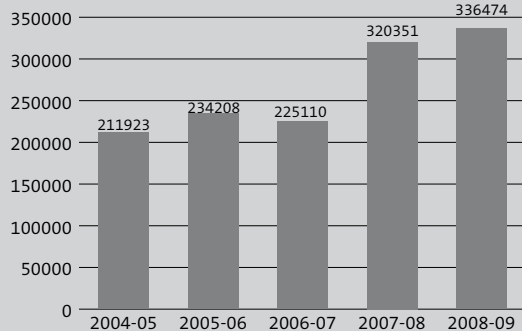


## Financial Highlights

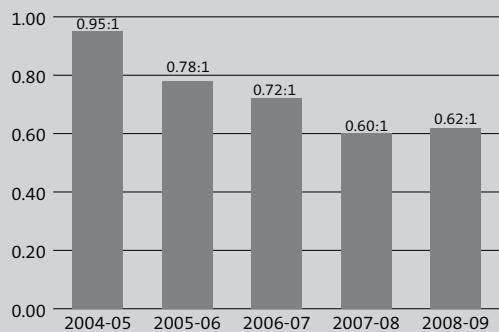
**Net Profit** Rs. in lakhs



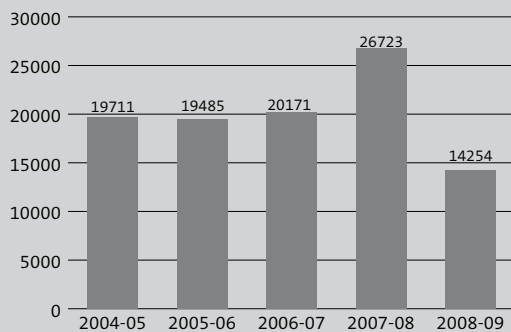
**Revenues** Rs. in lakhs



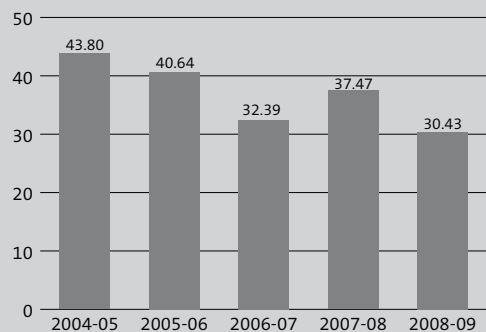
**Debt Equity Ratio**



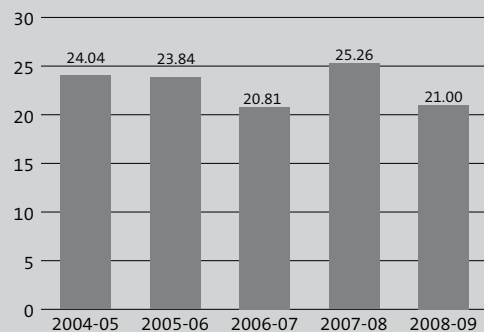
**Dividend Payout** Rs. in lakhs



**Return on Network** Percent



**Return on Capital Employed** Percent



## 10 Years at a Glance

RS. IN LAKHS

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Profit &amp; Loss A/c</b>										
Revenues	99446	115502	119535	100715	142635	211923	234208	225110	320351	336474
Operating Profit (PBIDT)	36843	47397	50478	45273	74000	115905	134307	128233	189316	199182
PAT	11140	17653	19719	22729	47113	80879	83860	88331	135681	138482
<b>Balance Sheet</b>										
<b>What the Company owned</b>										
Fixed Assets	168043	161544	181026	182260	255195	320133	286505	381241	483259	537401
Investments & Net Current Assets	43193	37644	46065	56430	59938	106148	139029	145327	182538	262076
Deferred Taxation (Net)	-	-	-	-	-	406	-	-	-	-
TOTAL	211236	199188	227091	238690	315133	426687	425534	526568	665797	799477
<b>What The Company Owed</b>										
Loans	100535	82639	93393	102086	145900	207975	186915	219789	248458	306655
Deferred Taxation (Net)	-	-	10072	12739	12476	-	-	-	-	-
TOTAL	100535	82639	103465	114825	158376	207975	186915	219789	248458	306655
<b>Shareholders' Funds</b>										
Equity Share Capital	25884	21778	20256	19033	19033	19034	15227	15227	15227	15229
Preference Share Capital	-	9500	17000	7500	7500	-	-	-	-	-
Application Money - Equity Warrants	-	-	-	-	-	-	-	-	1602	-
Reserves & Surplus	86927	87320	88031	98425	130693	199870	223392	291552	400510	477593
Misc. Expd. (to the extent not w/off)	(2110)	(2049)	(1661)	(1093)	(469)	(192)	-	-	-	-
TOTAL	110701	116549	123626	123865	156757	218712	238619	306779	417339	492822
Debt-equity Ratio	0.91:1	0.86:1	1.04:1	0.94:1	1.03:1	0.95:1	0.78:1	0.72:1	0.60:1	0.62:1
Return On Networth (%)	9.69	16.01	17.57	19.52	34.80	43.80	40.64	32.39	37.47	30.43
Earning Per Share (In Rs.)	4.30	8.00	8.80	11.40	24.30	42.34	55.07	58.01	89.11	90.94
Dividend Per Share (In Rs.)	1.50	2.75	4.00	4.00	6.50	9.00	11.22	11.50	15.00	8.00





## 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, 2009 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) Without qualifying our opinion, we draw attention to:
    - i) Note 13 of Schedule 20, Notes to Accounts regarding change in accounting policy, pursuant to the notification issued by the Ministry of Corporate Affairs inserting paragraph 46 in Accounting Standard (AS) 11 'The Effects of Changes in Foreign Exchange Rates'. Consequent thereto, the Company has opted for accounting the exchange differences arising on long-term foreign currency monetary items relating to acquisition of depreciable capital assets in the cost of such asset and the loss on foreign currency loans relating to acquisition of depreciable assets amounting to Rs. 54023 lakhs for the year ended March 31, 2009 are added to the cost of such assets. The corresponding gains of Rs. 12260 lakhs (net of depreciation of Rs. 1005 lakhs) for the year ended March 31, 2008 has been reversed from General Reserve and deducted from the cost of such assets.
    - ii) The Company has with effect from April 1, 2008 adopted the principles of hedge accounting enunciated in Accounting Standard (AS) 30 – 'Financial Instruments Recognition and Measurement', in respect of derivative transactions entered into to hedge currency, interest rate and bunker price risks. Accordingly, the unrealised gains or losses amounting to Rs. 36002 lakhs on such derivative transactions which have been designated as part of a hedging relationship and which qualify as effective hedges, have been recorded in the Hedging Reserve account. Further, cancellation loss of Rs. 511 lakhs has also been debited to the Hedging Reserve account in accordance with the principles of hedge accounting.
    - iii) Consequent to the changes in the aforesaid accounting policies, the fixed assets as at March 31, 2009 are higher by Rs. 40427 lakhs, current liabilities are higher by Rs. 36312 lakhs, depreciation for the year is higher by Rs. 2253 lakhs, profit for the year is higher by Rs. 53197 lakhs and the Reserves as at March 31, 2009 are higher by Rs. 4423 lakhs.

- 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, 2009;
  - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 5) On the basis of written representations received from the Directors of the Company as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2009, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of

**Kalyaniwalla & Mistry**  
Chartered Accountants

**Viraf R. Mehta**  
Partner  
Membership No: 32083  
Place : Mumbai  
Date: May 08, 2009



## Annexure to the Auditor's Report

Referred to in Paragraph 3 of our report of even date on the accounts of The Great Eastern Shipping Company Limited for the year ended March 31, 2009:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets are physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge no material discrepancies were reported on such verification.  
(c) In our opinion, a substantial part of the fixed assets has not been disposed off by the Company during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.  
(b) In our opinion, the procedures followed by the management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Order are not applicable.  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4 (iii) (f), and (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets, and for the sale of goods and services. Further on the basis of our examination and according to the information and explanations given to us, no major weakness in the aforesaid internal control system has been noticed.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act.
7. In our opinion, the Company has an internal audit system, which is commensurate with the size and nature of its business.
8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, except for the provident fund dues of floating staff, the Company is generally regular in depositing undisputed statutory dues including Shore Staff Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty, Cess, and other statutory dues with the appropriate authorities. We are informed that in respect of floating staff it is not possible to accurately ascertain the provident fund dues in view of the nature of the Company's activities. The Company regularly makes ad hoc payments to the appropriate authorities and on final determination the balance, if any, is paid.  
(b) According to the books of account and records as produced and examined by us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Service tax, Excise duty or cess which have not been deposited on account of any dispute, other than those stated below :

NO.	NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS. IN LAKHS)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
1	The Customs Act, 1962	Import duty	31	2000-01	High Court, Mumbai
2	The Tamilnadu General Sales Tax Act, 1959	Lease tax	1740	1995-96 to 1997-98	The Sales Tax Appellate Tribunal.
3	The Central Sales Tax Act, 1956 & Bombay Sales tax Act, 1959	Sales Tax	746	1995-96 to 1998-99 and 2001-02	The Sales Tax Appellate Tribunal
4	Maharashtra Land Revenue Code, 1966	Transfer charges for office premises under the scheme of demerger	124	2002-03	The High Court at Bombay
		Transfer Charges for office Premises	310	2003-04	Estate Department Joint Municipal Commissioner
5	Major Ports Trust Act, 1963	Demand for Pilotage and Berth Charges on gross tonnage	137	2001-02 to 2002-03	Karnataka High Court at Bangalore

10. The Company had no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi/mutual benefit fund/societies.
14. In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under Section 49 of the Act.
15. According to the information and explanations given to us and the records examined by us, the Company has given guarantees for loans taken by its subsidiaries from banks or financial institutions, however, in our opinion, the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. As informed to us, the term loans were applied by the Company for the purpose for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet and Cash Flows of the Company and the information and explanation given to us, we report that the company has not utilised any funds raised on short-term basis for long-term investments.
18. The Company has allotted 10,000 shares on preferential basis to a party covered in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which such shares have been issued is not prima facie prejudicial to the interest of the Company.
19. According to the explanation given to us, securities have been created in respect of the debentures issued by the Company.
20. The Company has not raised any money through a public issue in the recent past.
21. Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of  
**Kalyaniwalla & Mistry**  
Chartered Accountants

**Viraf R. Mehta**  
Partner  
Membership No: 32083  
Place: Mumbai  
Date: May 08, 2009





# DETAILED FINANCIAL STATEMENTS

## Balance Sheet as at March 31, 2009.

		RS. IN LAKHS	
	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>Sources of Funds :</b>			
Shareholders' Funds :			
Capital	1	15229	15227
Application Money - Equity Warrants		-	1602
Reserves and Surplus	2	477593	400510
		492822	417339
Loan Funds :			
Secured Loans	3	306655	248458
<b>TOTAL</b>		<b>799477</b>	<b>665797</b>
<b>Application of Funds :</b>			
Fixed Assets :	4		
Gross Block		654039	620426
Less : Depreciation (including impairment)		180103	172990
Net Block		473936	447436
Ships under Construction/Capital work-in-progress		63465	35823
		537401	483259
Investments	5	125096	92135
Current Assets, Loans and Advances :			
Inventories	6	4573	5215
Sundry Debtors	7	13018	12354
Cash and Bank balances	8	183399	108856
Other Current assets	9	2159	2445
Loans and Advances	10	13193	7372
		216342	136242
Less : Current Liabilities and Provisions :			
Current Liabilities	11	75226	41536
Provisions	12	3099	3398
Incomplete Voyages (net)		1037	905
		79362	45839
Net Current Assets		136980	90403
<b>TOTAL</b>		<b>799477</b>	<b>665797</b>
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 & Mistry**

Chartered Accountants

**Viraf R. Mehta**

Partner

Mumbai, May 08, 2009

**Jayesh M. Trivedi**

Company Secretary

For and on behalf of the Board

**K. M. Sheth**

**Bharat K. Sheth**

**R. N. Sethna**

Executive Chairman

Deputy Chairman & Managing Director

Director

Mumbai, May 08, 2009



## Profit and Loss Account for the Year Ended March 31, 2009.

		RS. IN LAKHS	
	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>Income :</b>			
Income from Operations	13	317233	306275
Other Income	14	19241	14076
		<b>336474</b>	<b>320351</b>
<b>Expenditure :</b>			
Operating Expenses	15	125941	120347
Administration & Other Expenses	16	11351	10688
Interest & Finance charges	17	15364	14928
Depreciation		34849	34095
Impairment loss on vessel		7000	-
		<b>194505</b>	<b>180058</b>
<b>Profit before tax</b>		<b>141969</b>	<b>140293</b>
Less : Provision for taxation			
- Current tax		4375	4500
- Fringe Benefit tax		125	120
		<b>4500</b>	<b>4620</b>
<b>Profit for the year after tax</b>		<b>137469</b>	<b>135673</b>
Add : Prior period adjustments	18	1013	8
		<b>138482</b>	<b>135681</b>
Less : Transfer to Tonnage Tax Reserve Account under Section 115VT of the Income-tax Act, 1961		23000	22500
		<b>115482</b>	<b>113181</b>
Add : Transfer from Reserve under Section 33AC of the Income-tax Act, 1961		-	24000
Add : Transfer from Exchange Fluctuation Reserve		-	2500
		<b>-</b>	<b>26500</b>
		<b>115482</b>	<b>139681</b>
Add : Surplus brought forward from previous year		183949	90991
<b>Amount available for appropriation</b>		<b>299431</b>	<b>230672</b>
<b>Appropriations :</b>			
- Transfer to General Reserve		14000	20000
- Interim Dividend on Equity Shares		12183	22841
- Tax on Dividends		2071	3882
		<b>28254</b>	<b>46723</b>
<b>Balance Carried Forward</b>		<b>271177</b>	<b>183949</b>
<b>Basic earnings per share (in Rs.)</b>		<b>90.94</b>	<b>89.11</b>
<b>Diluted earnings per share (in Rs.)</b>		<b>90.75</b>	<b>88.37</b>
Significant Accounting Policies	19		
Notes on Accounts	20		

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

As per our Report attached hereto

For and on behalf of

**Kalyaniwalla & Mistry**

Chartered Accountants

**Viraf R. Mehta**

Partner

Mumbai, May 08, 2009

**Jayesh M. Trivedi**  
Company Secretary

For and on behalf of the Board

**K. M. Sheth**  
**Bharat K. Sheth**  
**R. N. Sethna**

Executive Chairman  
Deputy Chairman & Managing Director  
Director

Mumbai, May 08, 2009

## Cash Flow Statement for the Year Ended March 31, 2009.

	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax	141969	140293
Adjustments For :		
Prior year adjustments	1013	8
Depreciation	34849	34095
Impairment loss on vessel	7000	-
Interest earned	(10537)	(8369)
Interest paid	15364	14928
Dividend received	(2925)	(2426)
Compensation on cancellation of ship building contract	3364	-
Diminution in value of investment	(356)	-
Profit on sale of investments (Net)	(3469)	(184)
Profit on sale of sundry assets	(50)	(1588)
Bad debts/advances written off	271	252
Provision for doubtful debts	(384)	920
Foreign exchange	(4163)	(14663)
Operating Profit Before Working Capital Changes	181946	163266
Adjustments For :		
Trade & Other Receivables	(684)	3655
Inventories	642	(1700)
Incomplete Voyages (Net)	131	(120)
Trade Payables	4586	6380
Cash Generated from Operations	186621	171481
Tax Paid	(4563)	(4843)
<b>Net Cash From Operating Activities</b>	<b>182058</b>	<b>166638</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of fixed assets	(83762)	(153867)
Sale proceeds of fixed assets (refer note 1)	27147	19893
Purchase of Investments	(424689)	(393114)
Sale proceeds of Investments	435348	373104
Acquisition of subsidiaries/joint venture	(47589)	(38600)
Disposal of investment in associates	6043	7020
Interest received	10823	9127
Dividend received	2925	2426
<b>Net Cash From/(Used in) Investing Activities</b>	<b>(73754)</b>	<b>(174011)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from issue of shares	28	-
Application money towards Equity Warrants	-	1602
Proceeds from long term borrowings	37098	78118
Repayments of long term borrowings	(39023)	(32762)
Dividend paid	(18935)	(18181)
Tax on Dividend paid	(3235)	(3106)
Interest paid	(16116)	(15017)
<b>Net Cash From/(Used In) Financing Activities</b>	<b>(40183)</b>	<b>10654</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>68121</b>	<b>3281</b>
<b>Cash and cash equivalents as at April 1, 2008 (refer note 2)</b>	<b>111296</b>	<b>108015</b>
<b>Cash and cash equivalents as at March 31, 2009 (refer note 2)</b>	<b>179417</b>	<b>111296</b>

### Notes :

- Profit on sale of ships, is considered as operating income, consequently the sale proceeds are net of profit on sale of ships
- Cash and cash equivalents

	MARCH 31, 2009	MARCH 31, 2008
Cash and Bank Balances	183399	108856
Effect of exchange rate changes [(gain)/loss]	(3982)	2440
Cash and cash equivalents as restated	179417	111296

- Cash and cash equivalents include Rs. 1469 lakhs (Previous Year Rs. 1004 lakhs) which are under lien as margin/security deposit against financial facilities granted by banks.

As per our Report attached hereto  
For and on behalf of

**Kalyaniwalla & Mistry**  
Chartered Accountants  
**Viraf R. Mehta**  
Partner  
Mumbai, May 08, 2009

**Jayesh M. Trivedi**  
Company Secretary

For and on behalf of the Board

**K. M. Sheth**  
**Bharat K. Sheth**  
**R. N. Sethna**

Executive Chairman  
Deputy Chairman & Managing Director  
Director

Mumbai, May 08, 2009





## Schedule Annexed to and forming part of the Balance Sheet as at March 31, 2009.

		RS. IN LAKHS	
		CURRENT YEAR	PREVIOUS YEAR
<b>Schedule “1” :</b>			
<b>Share Capital :</b>			
Authorised :			
30,00,00,000	Equity Shares of Rs.10 each	30000	30000
20,00,00,000	Preference Shares of Rs.10 each	20000	20000
		<b>50000</b>	<b>50000</b>
Issued :			
15,27,08,445	(Previous Year 15,26,98,445) Equity Shares of Rs.10 each	15271	15270
		<b>15271</b>	<b>15270</b>
Subscribed :			
15,22,92,202	(Previous Year 15,22,76,442) Equity Shares of Rs.10 each	15229	15227
		<b>15229</b>	<b>15227</b>
Paid-up :			
15,22,89,684	(Previous Year 15,22,73,924) Equity Shares of Rs.10 each fully paid-up	15229	15227
		<b>15229</b>	<b>15227</b>

### Notes :

1. Out of above, 74,39,858 (Previous Year 74,39,858) shares are allotted as fully paid-up pursuant to a contract without payment being received in cash.
2. The Paid-up Equity Share Capital includes Rs. 0.30 lakh (Previous Year Rs. 0.30 lakh), on account of forfeited shares and is net of Calls in Arrears Rs. 0.31 lakh (Previous Year Rs. 0.31 lakh).

**Schedule “2” :****Reserves and Surplus :**

(a) Capital Reserve :		
Amount forfeited on warrants not exercised	1598	-
(b) Capital Redemption Reserve :		
As per last Balance Sheet	23854	23854
(c) Reserve under Section 33AC of the Income-tax Act, 1961 :		
As per last Balance Sheet	-	24000
Less : Transfer to Profit & Loss Account	-	24000
	-	-
(d) Tonnage Tax Reserve Account Under Section 115VT of the Income-tax Act, 1961 :		
As per last Balance Sheet	67000	44500
Add : Transfer from Profit and Loss Account	23000	22500
	90000	67000
(e) Debenture Redemption Reserve :		
As per last Balance Sheet	5750	5750
(f) Exchange Fluctuation Reserve :		
As per last Balance Sheet	-	2500
Less : Transfer to Profit and Loss Account	-	2500
	-	-
(g) Hedging Reserve Account :		
(Loss)/gain on derivative contracts designated as cash flow hedges	(36513)	-
(h) Share Premium Account :		
As per last Balance Sheet	12601	12601
Add : Premium on shares issued during the year	30	-
	12631	12601
(i) General Reserve :		
As per last Balance Sheet	107356	87356
Add : Exchange difference recognised in profit and loss account in the previous year, adjusted from cost of assets on exercise of option (net of depreciation)	(12260)	-
Add : Transfer from Profit and Loss Account	14000	20000
	109096	107356
(j) Profit and Loss Account	271177	183949
	477593	400510

**Schedule “3” :****Secured Loans :**

(a) Term Loans -		
- From Banks	297922	238475
Secured by mortgage of specific ships, assignment of bank deposit and a financial covenant to maintain unencumbered assets (refer note 4).		
(b) Non-Convertible Debentures* -		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -		
- 6.05 % redeemable on September 19, 2010.**	8733	8733
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each -		
- 10.25 % (series 7) redeemed on May 25, 2008.	-	1250

\* Secured by mortgage of specified immovable properties and ships.

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

306655	248458
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**Schedule “4” :**  
**Fixed Assets :**

**RS. IN LAKHS**

Particulars	Cost			Depreciation			Impairment		Net Block	
	As At April 1, 2008	Additions For The Year	Deductions For the Year [Note 5 (b)]	As At March 31, 2009	Upto March 31, 2008	Adjustments/ Deductions For Assets Sold/ Discarded	For The Year [Note 5(d)]	As At April 1, 2008	Upto March 31, 2009	As At March 31, 2009
Fleet	<b>606211</b> 522062	<b>93619</b> 135236	<b>60313</b> 51087	<b>639517</b> 606211	<b>159921</b> 159562	<b>** 34503</b> 33040	<b>34128</b> 33399	<b>8755</b> 8755	<b>15755</b> 8755	<b>464216</b> 437535
Plant & Machinery	<b>1379</b> 1299	<b>232</b> 205	<b>410</b> 125	<b>1201</b> 1379	<b>468</b> 463	<b>137</b> 125	<b>130</b> 130	-	-	<b>740</b> 911
Land (Freehold & Perpetual Lease)	<b>4934</b> 4934	-	-	<b>4934</b> 4934	-	-	-	-	-	<b>4934</b> 4934
Ownership Flats and Buildings *	<b>4364</b> 4311	<b>264</b> 406	- 353	<b>4628</b> 4364	<b>1092</b> 1035	- 108	<b>170</b> 165	<b>135</b> 135	<b>135</b> 135	<b>3231</b> 3137
Furniture, Fixtures and Office Equipment	<b>2616</b> 2677	<b>180</b> 261	<b>49</b> 322	<b>2747</b> 2616	<b>2175</b> 2298	<b>47</b> 322	<b>210</b> 199	-	-	<b>409</b> 441
Vehicles	<b>922</b> 655	<b>148</b> 487	<b>58</b> 220	<b>1012</b> 922	<b>444</b> 449	<b>49</b> 207	<b>211</b> 202	-	-	<b>406</b> 478
<b>SUB-TOTAL</b>	<b>620426</b> 535938	<b>94443</b> 136595	<b>60830</b> 52107	<b>654039</b> 620426	<b>164100</b> 163807	<b>34736</b> 33802	<b>34849</b> 34095	<b>8890</b> 8890	<b>15890</b> 8890	<b>473936</b> 447436
Ships under construction/Capital work-in-Progress										<b>63465</b> 35823
										<b>537401</b> 483259

**Notes :**

\* The Ownership Flats & Buildings include Rs. 0.13 lakh (Previous Year Rs. 0.13 lakh) being value of shares held in various co-operative societies.

\*\* Adjustment/ Deductions for assets sold/ discarded on fleet includes Rs.1005 lakhs being depreciation component of the foreign exchange gain for the previous year deducted from the carrying amount of fixed assets pursuant to the option exercised by the Company under paragraph 46 in Accounting Standard (AS) 11 introduced vide The Ministry of Corporate Affairs notification dated March 31, 2009.  
(Previous year figures are in italics)

		CURRENT YEAR		PREVIOUS YEAR	
	FACE VALUE RS.	NO. OF UNITS	RS. IN LAKHS	NO. OF UNITS	RS. IN LAKHS
Schedule “5” :					
Investments :					
(a) Long Term Investments :					
(At cost - fully paid unless stated otherwise)					
Equity Shares : Unquoted					
Subsidiaries :					
The Great Eastern Shipping Co. London Ltd. of Stg. Pound 10 each		16,000	26	16,000	26
The Greatship (Singapore) Pte. Ltd. of S\$ 1 each		5,00,000	114	5,00,000	114
The Great Eastern Chartering L.L.C. -FZC of AED 100 each		1,500	19	1,500	19
Greatship (India) Ltd.	10	8,61,00,000	85200	6,51,00,000	64200
Joint Venture :					
CGU Logistic Limited	10	69,75,000	698	50,87,500	509
Associates :					
Business Standard Ltd.	10	-	-	1,67,85,787	2402
			86057		67270
Less : Provision for dimunition in value of long term investments			444		800
			85613		66470
Preference Shares : Unquoted					
Subsidiaries :					
Greatship (India) Ltd.	10	8,80,00,000	26400	-	-
			112013		66470
(b) Current Investments :					
(At lower of cost and fair value - fully paid)					
Mutual Funds : Unquoted					
Redeemed during the year :					
Birla Income Plus - Quarterly Dividend Reinvestment	10	-	-	1,76,46,860	1867
Templeton India Short Term Income Plan Institutional Weekly Dividend Reinvestment	1000	-	-	1,49,488	1503
JM Money Manager Fund Super Plus Plan - Daily Dividend	10	-	-	75,40,948	754
JM - Interval Fund Quarterly Plan 6 - Institutional Dividend Plan	10	-	-	50,31,795	503
HSBC Flexi Debt Fund - Institutional Fortnightly Dividend	10	-	-	4,82,26,338	4837
ICICI Prudential Institutional Income Plus Plan - Dividend	10	-	-	3,50,97,042	3689
Tata Fixed Income Portfolio Scheme C3 Institutional Fund - Dividend	10	-	-	50,00,000	500
Tata Fixed Income Portfolio Fund Scheme A2 Institutional - Dividend	10	-	-	2,50,96,907	2512
Tata Floating Rate Fund Long Term - Income	10	-	-	2,45,25,195	2481
Tata Dynamic Bond Fund Option A - Dividend	10	-	-	1,91,13,969	2008
SBI Debt Fund Series - 90 Days-20 (26-Feb-08) - Dividend	10	-	-	2,00,53,066	2005
SBI Debt Fund Series - 30 Days-1 (13-Mar-08) - Dividend	10	-	-	3,00,60,243	3006
Subscribed during the year :					
DSP Black Rock Bond Fund - Retail Quarterly Dividend Reinvestment	11	18,28,510	193	-	-
Fortis Short Term Income Fund Institutional Plus Daily Dividend	10	5,40,63,014	5408	-	-
HDFC Short Term Plan Dividend Option Reinvestment	10	1,93,90,946	2005	-	-
HSBC Flexi Debt - Institutional Plus Dividend	10	2,10,36,630	2052	-	-
Kotak Bond Short Term - Monthly Dividend	10	2,10,90,842	2126	-	-
Reliance Income Fund - Retail Plan - Monthly Dividend	10	97,84,138	999	-	-
Reliance Liquidity Fund - Daily Dividend Plan	10	29,99,538	300	-	-
			13083		25665
			125096		92135



	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
<b>Schedule “6” :</b>		
<b>Inventories :</b>		
- Fuel oils	4573	5215
	<b>4573</b>	<b>5215</b>
<b>Schedule “7” :</b>		
<b>Sundry Debtors :</b>		
<b>(Unsecured)</b>		
(a) Debts outstanding over six months :		
- Considered good	925	633
- Considered doubtful	1515	1978
	<b>2440</b>	<b>2611</b>
(b) Other Debts :		
- Considered good	12093	11721
- Considered doubtful	16	-
	<b>12109</b>	<b>11721</b>
	<b>14549</b>	<b>14332</b>
Less : Provision for doubtful debts	1531	1978
	<b>13018</b>	<b>12354</b>
<b>Schedule “8” :</b>		
<b>Cash and Bank Balances :</b>		
(a) Cash on hand	1	3
(b) Balances with scheduled banks :		
- On current account	2539	1004
- On deposit account	140992	101746
	<b>143531</b>	<b>102750</b>
(c) Balances with other banks :		
- On call deposits with ABN AMRO Bank, London (Maximum Balance Rs. 35669 lakhs, Previous Year Rs. 33923 lakhs)	12896	4934
- On term deposit account with ABN AMRO Bank, London (Maximum Balance Rs. 6431 lakhs, Previous Year Rs. “Nil”)	2032	-
- On current account with ABN AMRO Bank, Dubai (Maximum Balance Rs. 68 lakhs, Previous Year Rs. 68 lakhs)	1	32
- On call deposits with Citi Bank, London (Maximum Balance Rs. 63 lakhs, Previous Year Rs. 7 lakhs)	63	7
- On term deposits with Citi Bank, London (Maximum Balance Rs. 1417 lakhs, Previous Year Rs. 1150 lakhs)	1417	1109
- On current account with Royal Bank of Scotland, London (Maximum Balance Rs. 287 lakhs, Previous Year Rs. 555 lakhs)	27	21
- On call deposits with HSBC, London (Maximum Balance Rs. 559 lakhs, Previous Year Rs. “Nil”)	472	-
- On call deposits with HSBC, Singapore (Maximum Balance Rs. 235 lakhs, Previous Year Rs. “Nil”)	135	-
- On term deposits with Punjab National Bank (International) Ltd., London (Maximum Balance Rs. 22824 lakhs, Previous Year Rs. “Nil”)	22824	-
	<b>39867</b>	<b>6103</b>
	<b>183399</b>	<b>108856</b>

	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
<b>Schedule “9” :</b>		
<b>Other Current Assets :</b>		
Interest accrued on deposits	2159	2445
	<b>2159</b>	<b>2445</b>
<b>Schedule “10” :</b>		
<b>Loans and Advances :</b>		
<b>(Unsecured - considered good, unless otherwise stated)</b>		
(a) Advances recoverable in cash or in kind or for value to be received (Net of provision for doubtful advances Rs. 160 lakhs, Previous Year Rs. 97 lakhs)	5625	4235
(b) Agents’ current accounts	3646	2568
(c) Derivatives Contract Receivable	3356	69
(d) Balances with Customs, Port Trust etc.	10	7
(e) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation - Rs. 12295 lakhs, Previous Year Rs. 10615 lakhs)	556	493
	<b>13193</b>	<b>7372</b>
<b>Schedule “11” :</b>		
<b>Current Liabilities :</b>		
(a) Sundry Creditors		
- Outstanding dues to micro enterprises and small enterprises	-	-
- Dues to other creditors	24445	20326
(b) Due to Subsidiary Companies	112	137
(c) Advance Charter Hire	1014	3303
(d) Derivative Contracts Payable (net)	36312	-
(e) Liabilities towards Investor Education and Protection Fund, not due - Unpaid dividend	779	679
(f) Other Liabilities	3832	806
(g) Interest accrued but not due on loans	3290	3303
(h) Managerial Remuneration payable	873	1561
(i) Interim dividend payable	4569	11421
	<b>75226</b>	<b>41536</b>
<b>Schedule “12” :</b>		
<b>Provisions :</b>		
(a) Provision for tax on dividends	776	1941
(b) Provision for Retirement benefits	2323	1457
	<b>3099</b>	<b>3398</b>



**Schedules Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2009.**

	<b>RS. IN LAKHS</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>Schedule “13” :</b>		
<b>Income From Operations :</b>		
Freight and Demurrage	<b>168305</b>	137696
Charter Hire	<b>114595</b>	120375
Profit on sale of Ships	<b>25447</b>	28942
Gain on foreign currency transactions (net)	<b>8158</b>	17876
Miscellaneous Operating Income	<b>728</b>	1386
	<b>317233</b>	306275
<b>Schedule “14” :</b>		
<b>Other Income :</b>		
Dividend :		
- from a subsidiary company	<b>18</b>	16
- from current investments	<b>2907</b>	2410
	<b>2925</b>	2426
Interest earned (Gross) :		
- on term deposits	<b>8820</b>	7307
- on call deposit	<b>694</b>	875
- others	<b>1023</b>	187
(Income-tax deducted at source Rs. 1718 lakhs, Previous Year Rs. 1606 lakhs)	<b>10537</b>	8369
Profit on sale of Investments :		
- long term investment	<b>3641</b>	-
- current investments (net)	<b>-</b>	184
	<b>3641</b>	184
Provision for diminution in investment written back (net)	<b>356</b>	-
Profit on sale of sundry assets (net)	<b>50</b>	1588
Provision for doubtful debts & advances written back (net)	<b>384</b>	-
Miscellaneous Income	<b>1348</b>	1509
	<b>19241</b>	14076
<b>Schedule “15” :</b>		
<b>Operating Expenses :</b>		
Fuel Oil and Water	<b>47370</b>	29082
Port, Light and Canal Dues	<b>13841</b>	9655
Stevedoring, Despatch & Cargo Expenses	<b>778</b>	619
Hire of chartered ships	<b>6380</b>	30986
Brokerage & Commission	<b>4009</b>	3342
Agency Fees	<b>989</b>	816
Wages, Bonus and Other Expenses - Floating Staff	<b>18215</b>	16880
Contribution to Provident & Other Funds - Floating Staff	<b>549</b>	229
Stores	<b>5712</b>	6435
Repairs & Maintenance - Fleet	<b>21377</b>	17652
Insurance & Protection Club Fees	<b>3377</b>	3183
Vessel Management Expenses	<b>264</b>	565
Sundry Operating Expenses	<b>1595</b>	903
Compensation on cancellation of Ship Building /Sale contracts (net) - an exceptional item	<b>1485</b>	-
	<b>125941</b>	120347

**Schedule “16” :****Administration & Other Expenses :**

## Staff Expenses -

- Salaries, Allowances & Bonus	6484	5653
- Staff Welfare Expenses	166	142
- Contribution to Provident & Other Funds	564	308

7214	6103
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Rent	48	33
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Insurance	84	68
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## Repairs and Maintenance -

- Buildings	57	43
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- Others	383	310
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440	353
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Property Taxes	14	14
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Auditors' Remuneration	70	61
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Miscellaneous Expenses	3038	2884
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Loss on sale of current investments	172	-
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Bad debts and advances written off	271	252
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Provision for doubtful debts & advances (Net)	-	920
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11351	10688
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**Schedule “17”:****Interest & Finance Charges :**

Interest on Fixed Loans	15838	15081
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Other Interest	4	-
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Finance charges	370	398
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16212	15479
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Less : Pre-delivery interest capitalised	848	551
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15364	14928
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**Schedule “18”:****Prior Period Adjustments :**

Income-tax adjustments of prior years	1013	(32)
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Short provisions for expenses	-	40
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1013	8
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## 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 to the extent applicable.

#### (b) Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

#### (c) Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition and borrowings cost during construction period. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of assets are adjusted to the carrying cost of the assets.

#### (d) Investments :

- (i) Investments are classified into long-term and current investments.
- (ii) Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.
- (iii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

#### (e) Inventories :

Inventories of fuel oil are carried at lower of cost or net realizable value. Cost is ascertained on first-in-first-out basis.

#### (f) Incomplete voyages :

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

#### (g) Borrowing Costs :

Borrowing costs that are directly attributable to the acquisition/construction of the qualifying assets are capitalised as part of the asset, upto the date of acquisition/completion of construction.

#### (h) Revenue recognition :

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

#### (i) Operating expenses :

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

#### (j) Employee benefits :

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and leave encashment in respect of all eligible employees and for pension benefit to wholetime directors of the Company.

##### (i) Defined Contribution Plan

Employee benefits in the form of Superannuation Fund, Provident Fund and other Seamen's Welfare Contributions are considered as defined contribution plans and the contributions are charged to the Profit and Loss of the period when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of Gratuity and the Pension plan for Whole-time Directors are considered as defined benefit obligations and are provided for on the basis of actuarial valuations, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other long-term benefits

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the Profit and Loss Account.

**(k) Depreciation :**

- (i) Depreciation is provided so as to write off 95% of the original cost of the asset over the estimated useful life or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The basis for charging depreciation and the estimated useful life of the assets is as under:

		Estimated Useful life/depreciation rate
Fleet		
- Single Hull Tankers	Straight line over balance useful life or 5%, whichever is higher	20 to 23 years*
- Double Hull Tankers		20 to 25 years
- Dry Bulk Carriers		23 to 30 years
- Gas Carriers		27 to 30 years
Leasehold land	Straight line	Lease period
Ownership flats and buildings	Written down value	5%
Furniture & Fixtures, Office Equipment, etc.	Straight line	5 years
Computers	Straight line	3 years
Vehicles	Straight line	4 years
Plant & Machinery	Straight line	10 years

\* Subject to the life of single side single bottom vessels being restricted to March 31, 2010.

- (ii) Depreciation on fleet is provided on prorata basis and on Other Assets depreciation is provided for the full year on additions and no depreciation is provided in the year of disposal.
- (iii) In case of assets depreciated under the straight line method, 95% of the original cost is written off over the estimated useful life. However, if an asset continues in operation beyond the useful life, as estimated by the management, the balance cost is depreciated in the subsequent year.

**(l) Asset Impairment :**

The carrying amounts of the Company's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognised in the statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortisation of depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

**(m) Foreign Exchange Transactions :**

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



The difference in translation of long-term monetary assets and liabilities and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the balance life of the asset and in other cases accumulated in a Foreign Currency Item Translation Difference Account and amortised over the balance period of such long-term asset/liability, but not beyond March 31, 2011 by recognition as income or expense. The difference in translation of all other monetary assets and liabilities and realised gains and losses on other foreign currency transactions are recognised in the Profit and Loss Account.

- (ii) Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Profit and Loss Account, except in case of contracts relating to the acquisition of depreciable capital assets, in which case they are added or deducted from the cost of the assets. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.
- (iii) Currency swaps which form an integral part of the loans are translated at closing rates and the resultant gains and losses are dealt with in the same manner as the translation differences of long-term monetary assets and liabilities.

**(n) Derivative Financial Instruments and Hedging :**

The Company enters into derivative financial instruments to hedge foreign currency risk of firm commitments and highly probable forecast transactions, interest rate risk and bunker price risk. The method of recognising the resultant gain or loss depends on whether the derivative is designated as a Hedging instrument, and if so, the nature of the item being hedged. The carrying amount of a derivative designated as a hedge is presented as a current asset or a liability. The Company does not enter into any derivatives for trading purposes.

**Cash Flow Hedge :**

Forward exchange contracts entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions, forward rate options, currency and interest rate swaps and commodity future contracts, that qualify as cash flow hedges are recorded in accordance with the principles of hedge accounting enunciated in Accounting Standard (AS) 30 – Financial Instruments: Recognition and Measurement. The gains or losses on designated hedging instruments that qualify as effective hedges is recorded in the Hedging Reserve account and is recognized in the statement of Profit and Loss in the same period or periods during which the hedged transaction affects Profit and Loss or is transferred to the cost of the hedged non-monetary asset upon acquisition.

Gains or losses on the ineffective transactions are immediately recognised in the Profit and Loss Account. When a forecasted transaction is no longer expected to occur the gains and losses that were previously recognised in the Hedging Reserve are transferred to the statement of Profit and Loss immediately.

**(o) Provision for Taxation :**

Tax expense comprises both current and deferred tax.

- (i) Provision for current income-tax is made on the basis of the assessable income under the Income-tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.
- (ii) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non-shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

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

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

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

**Schedule “20”:****Notes on Accounts :****1. Contingent Liabilities :****RS. IN LAKHS**

<b>SR. NO.</b>	<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a)	Guarantees given by banks counter guaranteed by the Company.	<b>26712</b>	43250
(b)	Guarantees by bank given on behalf of a subsidiary company/joint venture.	<b>409</b>	775
(c)	Guarantees given to banks/shipyard on behalf of subsidiaries.	<b>128192</b>	132416
(d)	Sales Tax demands under BST Act for the years 1995-96,1996-97,1997-98,1998-99,2001-02, against which the Company has preferred appeals.	<b>746</b>	646
(e)	Lease Tax liability in respect of a matter decided against the Company, against which the Company has filed a revision petition in the Madras High Court.	<b>1740</b>	1740
(f)	Possible obligation in respect of matters under arbitration/appeal.	<b>59</b>	59
(g)	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.	<b>434</b>	434

**2. Share Capital :**

Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, - the allotment of 2,85,922 (Previous Year 2,91,682) right equity shares of the Company have been kept in abeyance in accordance with section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner is certified by the concerned Stock Exchanges. An additional 40,608 (Previous Year 40,608) shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange. During the year 5760 (Previous Year “Nil”) equity shares have been allotted out of the shares kept in abeyance.

**3. Warrants against Share Capital :**

The Company had on August 09, 2007, allotted 50,05,000 convertible warrants to certain Promoters and Non Executive Directors, pursuant to the resolution passed by the shareholders at their meeting held on July 26, 2007, at a price of Rs. 312.75 per share. Each warrant was convertible into one Equity Share of the face value of Rs. 10/-, at the option of the warrant holders, at any time prior to expiry of 18 months from the date of allotment of the warrants.

Out of the 50,05,000 warrants, 10,000 warrants were converted into Equity Shares. Due to the unfavourable market conditions, which did not justify conversion of warrants, the balance 49,95,000 warrants were not converted. Accordingly the said warrants stood cancelled and the amount of Rs. 1598 lakhs being the amount received upfront from the warrant holders @ Rs. 32/- has been forfeited and credited to capital reserve.

**4. Secured Loans :**

Term loans from banks includes a syndicated loan of USD 53 million from a consortium of banks against security by way of assignment of bank deposit of USD 2.5 million and a financial covenant *inter-alia*, to maintain unencumbered assets of value not less than 1.25 times the said borrowing.

**5. Fixed Assets :**

- Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 236883 lakhs (Previous Year Rs.211838 lakhs).
- The amount of exchange loss on account of fluctuation of the rupee against foreign currencies and gains/(losses) on hedging contracts (including on cancellation of forward covers), relating to long term monetary items for acquisition of depreciable capital assets and gains/(losses) on forward contracts for hedging capital commitments for acquisition of depreciable assets, added to the carrying amount of fixed assets during the year is Rs. 54023 lakhs. Corresponding gain relating to the previous year deducted from the carrying amount of fixed assets during the year pursuant to the option exercised by the Company vide Ministry of Corporate Affairs notification dated March 31, 2009 is Rs.13265 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.
- The Company has recognised an impairment of Rs. 70 crores in respect of one dry bulk carrier during the year under review in accordance with Accounting Standard (AS) 28 consequent to a sharp fall in the recoverable value of the said asset. In the opinion of the management, the book value of this asset, after correcting for the impairment recognised, is aligned closer to the current market price and also broadly reflected the earnings expectations from it.



## 6. Cash & Bank Balance :

Balances with scheduled banks on deposit account include margin deposits of Rs. 201 lakhs (Previous Year Rs.1 lakh) placed with the bank, under a lien against the guarantees issued by the said bank. Balance with other banks include a deposit of Rs. 1268 lakhs (Previous Year Rs. 1003 lakhs) which is under a lien as security against a syndicated loan.

## 7. Investments :

The company has vide Memorandum of Undertaking dated March 31, 2009 agreed to disinvest its entire shareholding in CGU Logistics Ltd., a joint venture company. The anticipated loss on sale of the investments of Rs. 444 lakhs has been provided for in the profit & loss account for the year.

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

## 9. Current Liabilities :

According to the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006", amount overdue as on March 31, 2008 to Micro, Medium and Small Enterprises on account of principal amount together with interest, aggregate to Rs. "Nil". (Previous Year Rs. "Nil").

## 10. Deferred tax :

Pursuant to the introduction of Section 115VA under the Income Tax Act, 1961, the Company has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus income from the business of operating ships is assessed on the basis of the deemed Tonnage Income of the Company and no deferred tax is applicable to such income as there are no timing differences. The timing difference in respect of the non-tonnage activities of the Company are not material, in view of which provision for deferred taxation is not considered necessary.

## 11. Provisions :

The Company has recognised the following provisions in its accounts in respect of obligations arising from past events, the settlement of which is expected to result in an outflow embodying economic benefits.

RS. IN LAKHS				
Description	Balance as on April 1, 2008	Additions during the year	Reversed/ Paid during the year	Balance as on March 31, 2009
<b>Manning dues and related contributions to welfare funds</b>	-	251	-	251
Provisions have been recognized for payment of arrears of wages to officers in anticipation of wage agreements.				
<b>Vessel Performance/Offhire Claims</b>	1625	577	325	1877
Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute.				

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

## 13. Change in Accounting Policy :

The Ministry of Corporate Affairs vide notification dated March 31, 2009 issued the Companies (Accounting Standards) Amendment Rules, 2009, inserting paragraph 46 in Accounting Standard (AS) 11 'The Effect of Changes in Foreign Exchange Rates'. Pursuant thereto, the Company has exercised the option available under the said paragraph 46 retrospectively with effect from April 1, 2007 in respect of all long term foreign currency monetary items covered under the notification. Accordingly, losses arising from the effect of changes in the foreign exchange rates on repayment of loans and revaluation of the outstanding foreign currency loans including currency swaps relating to acquisition of depreciable capital assets amounting to Rs. 54023 lakhs for the year ended March 31, 2009 are added to the cost of such assets. The corresponding foreign exchange gains of Rs. 12260 lakhs (net of depreciation of Rs.1005 lakhs) for the year ended March 31, 2008 on monetary items relating to acquisition of depreciable capital assets have been reversed from the General Reserve and deducted from the cost of such assets. The Company did not have any other long term monetary assets and liabilities.

In the previous year, the effects of changes in foreign exchange rates on repayment of loans and revaluation of the outstanding foreign currency loans including currency swaps relating to acquisition of depreciable capital assets were accounted in the Profit and Loss account.

During the year, the Company has with effect from April 1, 2008 adopted the principles enunciated in Accounting Standard (AS) 30, "Financial Instruments : Recognition and Measurement" in respect of hedge accounting and recognition and measurement of derivatives, in accordance with the recommendation of the Institute of Chartered Accountants of India. Accordingly, forward exchange contracts entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions, forward rate options, interest rate swaps and commodity future contracts which have been designated as part of the hedging relationship and which qualify as effective hedges have been accounted in accordance with the principles of hedge accounting and the (gains) or losses on such designated hedging instruments amounting to Rs. 36002 lakhs is recorded in the Hedging Reserve Account. In the previous year, exchange differences in respect of foreign currency derivative contracts including forward exchange contracts entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions, forward rate options, interest rate swaps were accounted for on settlement alongwith the cash flow from the hedged transaction/commitment. There is no impact on the profit and loss account for the year consequent to the change.

Further, in accordance with the principles of hedge accounting, cancellation loss of Rs. 511 lakhs has been debited to Hedging Reserve Account until maturity of the underlying. In the previous year such gain and losses were accounted in the statement of profit and loss on cancellation. Consequently the profit for the year is higher to that extent.

The Hedging Reserve account as at March 31, 2009 has a net debit balance of Rs. 36513 lakhs.

Consequent to the change in the aforesaid accounting policies, fixed assets as at March 31, 2009 are higher by Rs. 40427 lakhs, current liabilities are higher by Rs. 36312 lakhs, depreciation for the year is higher by Rs. 2253 lakhs, the profit for the year is higher by Rs. 53197 lakhs and the Reserves as at March 31, 2009 are higher by Rs. 4423 lakhs.

#### 14. Managerial Remuneration :

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

	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
(a) Salaries	431	340
(b) Contribution to Provident fund and Superannuation fund	116	92
(c) Perquisites	13	9
(d) Commission to wholetime directors	824	1494
(e) Commission to non-wholetime directors	54	75
(f) Sitting fees	-	4
<b>TOTAL</b>	<b>1438</b>	<b>2014</b>

#### Notes :

- The above does not include :
  - Contribution to Gratuity Fund and provision for retirement leave encashment benefit as separate figures are not available in respect of the wholetime directors.
  - Provision for retirement pension benefits payable [Rs. 778 lakhs (Previous Year : reversal of provision of Rs. 26 lakhs)] (on the basis of an actuarial valuation) to the wholetime directors as per the scheme approved by the Board of Directors.
- Commission to wholetime directors for the previous year includes additional one time ex-gratia payment of Rs. 432 lakhs.



(ii) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 :

	<b>RS. IN LAKHS</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Profit for the year before tax	<b>141969</b>	140293
Add : Managerial Remuneration	<b>2216</b>	1988
Provision for doubtful debts and advances (Net)	<b>(384)</b>	920
Prior period adjustments	<b>1013</b>	8
Depreciation as per books	<b>34849</b>	34095
	<b>37694</b>	37011
	<b>179663</b>	177304
Less : Profit on sale of investments (Net)	<b>3469</b>	184
Provision for diminution in investments written back (Net)	<b>356</b>	-
Depreciation u/s 350 of the Companies Act, 1956	<b>34849</b>	34095
Capital profit on sale of fixed assets	<b>16585</b>	5857
	<b>55259</b>	40136
Net Profit for Section 198 of the Companies Act, 1956	<b>124404</b>	137168
11% of Net Profit as computed above	<b>13684</b>	15088
Total Managerial Remuneration (including commission and provision for retirement pension benefits)	<b>2216</b>	2010

**15. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits" :**

**A) Defined Contribution Plans :**

The Company has recognised the following amounts in the Profit and Loss Account for the year:

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Contribution to Employees Provident Fund	<b>246</b>	196
Contribution to Employees Superannuation Fund	<b>248</b>	159
Contribution to Employees Pension Scheme 1995	<b>25</b>	24
Contribution to Seamen's Provident Fund	<b>53</b>	55
Contribution to Seamen's Annuity Fund	<b>80</b>	76
Contribution to Seamen's Rehabilitation Fund	<b>66</b>	51
Contribution to Seamen's Gratuity Fund	<b>18</b>	19

**B) Defined Benefit Plans and Other Long Term Benefits :**

Valuations in respect of Gratuity, Pension Plan for Wholtime Directors and Leave Encashment have been carried out by an independent actuary, as at the Balance Sheet date on Projected Unit Credit method, based on the following assumptions :

<b>ACTUARIAL ASSUMPTIONS FOR THE YEAR</b>	<b>GRATUITY</b>		<b>PENSION PLAN</b>		<b>LEAVE ENCASHMENT</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a) Discount Rate (p.a.)	<b>6.00%</b>	7.50%	<b>6.00%</b>	7.50%	<b>6.00%</b>	7.50%
(b) Rate of Return on Plan Assets	<b>6.00%</b>	7.50%	-	-	-	-
(c) Salary Escalation rate	<b>4.00%</b>	5.00%	-	-	<b>4.00%</b>	5.00%
(d) Mortality	<b>LIC- Ultimate 94-96</b>	LIC- Ultimate 94-96	<b>LIC- Ultimate 94-96</b>	LIC- Ultimate 94-96	<b>LIC- Ultimate 94-96</b>	LIC- Ultimate 94-96
(e) Withdrawal rate	<b>0.50%</b>	0.50%	-	-	<b>0.50%</b>	0.50%
(f) Expected average remaining service	<b>18.23</b>	17.05	-	-	<b>15.10</b>	16.82

**(i) Change in Benefit Obligation :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Liability at the beginning of the year	1068	1025	1260	1298	196	188
Interest Cost	76	69	94	90	12	12
Current Service Cost	154	112	-	-	91	90
Benefits Paid	(56)	(86)	(20)	(20)	(4)	(35)
Actuarial (gain)/loss on obligations	248	(52)	726	(108)	(31)	(59)
Liability at the end of the year	1490	1068	2060	1260	264	196

**(ii) Fair value of Plan Assets :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Fair Value of Plan Assets at the beginning of the year	984	1016	-	-	-	-
Expected Return on Plan Assets	63	73	-	-	-	-
Employer's Contribution	-	-	20	20	4	35
Benefits Paid	(56)	(86)	(20)	(20)	(4)	(35)
Actuarial gain/(loss) on Plan Assets	53	(19)	-	-	-	-
Fair Value of Plan Assets at the end of the year	1044	984	-	-	-	-

**(iii) Actual Return on Plan Assets :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Expected Return on Plan Assets	63	73	-	-	-	-
Actual gain/(loss) on Plan Assets	53	68	-	-	-	-
Actual Return on Plan Assets	116	141	-	-	-	-

**(iv) Amount Recognised in the Balance Sheet :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Liability at the end of the year	1490	1068	2060	1260	264	196
Fair Value of Plan Assets at the end of the year	1044	984	-	-	-	-
Difference	446	84	2060	1260	264	196
Unrecognised past service cost	-	-	-	-	-	-
Amount recognised in the Balance Sheet	446	84	2060	1260	264	196

**(v) Expenses recognised in the Profit & Loss Account :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current Service Cost	154	112	-	-	91	90
Interest Cost	76	69	94	90	12	12
Actual Return on Plan Assets	(63)	(73)	-	-	-	-
Net Actuarial (Gain)/loss to be recognised	282	(33)	726	(108)	(31)	(58)
Expenses recognised in Profit and Loss Account	449	75	820	(18)	72	44





**(vi) Basis used to determine expected rate of return on assets :**

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.

**(vii) General description of significant defined plans :**

**Gratuity Plan :**

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary.

**Pension Plan :**

Under the Company's Pension Scheme for the whole-time Directors as approved by the Shareholders, all the wholetime Directors are entitled to the benefits of the scheme only after attaining the age of 62 years, except for retirement due to Physical disability, in which case, the benefits shall start on his retirement. The benefits are in the form of monthly pension @ 50% of his last drawn monthly salary subject to maximum of Rs.75 lakhs p.a. during his lifetime. If he predeceases the spouse, she will be paid monthly pension @ 50% of his last drawn pension during her lifetime. Benefit also include reimbursement of medical expense for self and spouse, overseas medical treatment upto Rs. 50 lakhs per illness, office space including telephone in the Company's office premises and use of Company's car including reimbursement of driver's salary and other related expenses during his lifetime.

**Leave Eancashment :**

Eligible employees can carry forward and encash leave upto superannuation, death, permanent disablement and resignation subject to maximum accumulation allowed at 15 days for employees on CTC basis and at 300 days for other employees. The Leave over and above 15 days for CTC employees and over 300 days for others is encashed and paid to employees as per the balance as on June 30 every year. Benefit would be paid at the time of separation based on the last drawn basic salary.

**(viii) Broad Category of Plan Assets relating to Gratuity as a percentage of total Plan Assets :**

	<b>CURRENT YEAR %</b>	<b>PREVIOUS YEAR %</b>
Government of India securities	<b>9%</b>	19%
State Government securities	<b>5%</b>	13%
Bonds	<b>21%</b>	36%
Special Deposit Scheme, 1975	-	32%
HDFC Defence Fund	<b>65%</b>	-
<b>TOTAL</b>	<b>100%</b>	100%

**16. Auditors' Remuneration (including service tax) :**

	<b>RS. IN LAKHS</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Audit Fees	<b>25</b>	25
In other capacities :		
- Tax Audit	<b>2</b>	2
- Taxation	<b>27</b>	19
- Certification & other services	<b>16</b>	15
<b>TOTAL</b>	<b>70</b>	61

**17. Particulars of investments Purchased and Sold during the year :****RS. IN LAKHS**

	<b>FACE VALUE Rs.</b>	<b>NO. OF UNITS</b>	<b>PURCHASE AMOUNT</b>
<b>Mutual Funds :</b>			
Liquid and Short Term Funds :			
ABN Amro Mutual Fund	10	15,56,78,547	15569
Birla Sunlife Mutual Fund	10	22,43,39,823	22467
Deutsche Insta Cash D	10	14,02,77,962	14056
DSP Merrill Lynch Cash Plus	1,000	15,90,997	15919
DSP Merrill Lynch Short Term Fund	10	1,03,74,343	1057
DWS Mutual Fund	10	18,47,02,406	18560
Fortis Mutual Fund	10	32,63,67,801	32645
HDFC Fmp 90D June 2008 (Viii) (2) - Wholesale Plan Dividend - Option Payout	10	2,54,70,000	2547
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvestment Option	10	17,70,32,892	21704
HSBC Mutual Fund	10	48,81,78,719	49548
ICICI Prudential Mutual Fund	10	14,89,54,656	15165
JM Mutual Fund	10	18,78,07,036	18798
Kotak Mutual Fund	10	26,32,98,400	29321
Kotak Bond Short Term - Monthly Dividend	10	2,09,60,783	2105
Lotus India Liquid - Super LP Daily Div Option	10	8,80,94,860	8818
Principal Cash Management Fund	10	13,47,56,886	13488
Reliance Fixed Horizon Fund - VIII - Series 12 Institutional Dividend Payout Plan	10	1,97,50,661	1975
Reliance Mutual Fund	10	52,74,52,812	61971
Reliance Liquid Plus Fund Institutional Option - Daily Dividend Plan	1,000	12,41,744	12432
SBI Mutual Fund	10	8,80,94,400	8810
Tata Dynamic Bond Fund Option B - Dividend	10	1,00,25,262	1029
Tata Fixed Horizon Fund 19 Scheme D - Dividend	10	81,88,607	819
Tata Mutual Fund	10	6,30,823	64
Templeton India Mutual Fund	1,000	14,57,029	14579
Templeton India Mutual Fund	10	14,70,18,997	14730
UTI Mutual Fund	10	5,56,04,982	5560
UTI Mutual Fund	1,000	5,81,639	5908

**18. Hedging Contracts :**

The Company uses foreign exchange forward contracts, currency & interest rate swaps and options to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts, currency & interest rate swaps and options reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts, currency & interest rate swaps and options for trading or speculation purposes.

The Company also uses commodity futures contracts for hedging the exposure to bunker price risk.



**1. Derivative instruments outstanding :**

**i) Cash Flow Hedges :**

**(a) Commodity futures contracts for import of Bunker :**

	CURRENT YEAR		PREVIOUS YEAR	
DETAILS	PURCHASE	SALE	PURCHASE	SALE
Total No.of contracts outstanding	5	-	5	-
No. of units in MT under above contracts	8000	-	13500	-
Amount recognised in Hedging Reserve (loss)/gain (Rs. in lakhs)	(1242)	-	-	-
Maturity Period	Upto 6 Months	-	Upto 6 Months	-

**(b) Forward Exchange Option contracts :**

	CURRENT YEAR		PREVIOUS YEAR	
DETAILS	PURCHASE	SALE	PURCHASE	SALE
Total No. of contracts	-	4	-	6
Foreign Currency Value (USD in million)	-	207.000	-	278.000
Amount recognised in Hedging Reserve (loss)/gain (Rs. in lakhs)	-	(23144)	-	-
Maturity Period	-	Upto 3 Years	-	Upto 4 Years

**(c) Interest rate swap contracts :**

	CURRENT YEAR	PREVIOUS YEAR
Total No. of contracts	16	25
Principal Notional Amount US Dollar (million)	179.490	230.486
Amount recognised in Hedging Reserve (loss)/gain (Rs. in lakhs)	(6114)	-
Maturity Period	Upto 6 Years	Upto 7 Years

**(d) Interest portion of Currency Swap Contracts :**

	CURRENCY	CURRENT YEAR	PREVIOUS YEAR
Total No. of contracts		9	12
Principal Notional Amount (USD million)	USD/INR	31.683	41.49
Principal Notional Amount (Rs. crores)	INR/USD	-	12.50
Principal Notional Amount (JPY million)	JPY/USD	21425.22	25039.65
Amount recognised in Hedging Reserve on account of currency interest swap (loss)/gain (Rs. in lakhs)		(6013)	-
Maturity Period		Upto 8 Years	Upto 9 Years

**(ii) (a) Forward exchange contracts :**

	CURRENT YEAR		PREVIOUS YEAR	
DETAILS	PURCHASE	SALE	PURCHASE	SALE
Total No. of contracts	6	-	1	45
Foreign Currency Value (USD in million)	10.000	-	3.000	82.000
Maturity Period	Upto 8 Months	-	Upto 2 Months	Upto 1 Year

**(b) Currency Swap Contract :**

	CURRENCY	CURRENT YEAR	PREVIOUS YEAR
Total No. of contracts		9	12
Principal Notional Amount (USD million)	USD/INR	31.683	41.49
Principal Notional Amount (Rs. crores)	INR/USD	-	12.50
Principal Notional Amount (JPY million)	JPY/USD	21425.22	25039.65

**2. Un-hedged foreign currency exposures as on March 31 :**

	<b>CURRENCY</b>	<b>CURRENT YEAR IN MILLIONS</b>	<b>PREVIOUS YEAR IN MILLIONS</b>
Loan liabilities and payables	AED	<b>1.950</b>	1.211
	AUD	<b>0.177</b>	0.084
	BHD	<b>0.001</b>	-
	CAD	<b>0.038</b>	0.089
	CHF	<b>0.014</b>	-
	DKK	<b>1.786</b>	0.817
	EUR	<b>1.710</b>	1.519
	GBP	<b>0.048</b>	0.027
	HKD	<b>0.051</b>	-
	JPY	<b>62.631</b>	45.507
	KRW	<b>0.003</b>	-
	NOK	<b>0.460</b>	0.189
	NZD	-	0.019
	SAR	<b>0.057</b>	-
	SEK	<b>0.139</b>	-
	SGD	<b>1.692</b>	1.001
	TWD	<b>0.487</b>	-
	USD	<b>568.194</b>	575.525
	ZAR	<b>0.053</b>	0.796
Receivable	AED	<b>0.082</b>	0.010
	AUD	<b>0.116</b>	0.086
	CAD	<b>0.002</b>	0.073
	DKK	<b>0.238</b>	0.051
	EUR	<b>1.088</b>	1.272
	GBP	<b>0.016</b>	0.006
	JPY	<b>1.330</b>	-
	NOK	<b>0.016</b>	0.040
	SAR	<b>0.054</b>	-
	SEK	-	0.004
	SGD	<b>0.298</b>	0.053
	TWD	<b>0.243</b>	-
	USD	<b>24.544</b>	12.560
	ZAR	<b>0.147</b>	0.542
Bank balances	AED	<b>0.008</b>	0.293
	DKK	<b>0.011</b>	-
	EUR	<b>6.841</b>	0.343
	GBP	<b>0.087</b>	0.105
	NOK	<b>0.068</b>	-
	SGD	<b>0.405</b>	-
	USD	<b>268.182</b>	3.510

3. The above mentioned derivative contracts having been entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions and the interest rate risk, have been designated as hedge instruments that qualify as effective cash flow hedges. The mark-to-market loss/(gain) on the foreign exchange derivative contracts outstanding as on March 31, 2009 amounting to Loss of Rs. 36513 lakhs has been recorded in the Hedging Reserve Account as on March 31, 2009. The corresponding mark-to-market loss of Rs.5503 lakhs in the previous year was recognised only on settlement.



## 19. Segment Reporting :

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

## 20. 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.

Great Eastern Chartering LLC – FZC

Greatship (India) Ltd.

Greatship Holding B.V., Netherland. (liquidated on June 29, 2008)

Greatship Holdings Ltd., Mauritius.

Greatship Global Energy Services Pte Ltd., Singapore.

Greatship Global Offshore Services Pte Ltd., Singapore.

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

##### (i) Joint Venture :

CGU Logistic Ltd.

##### (ii) Key Management Personnel :

Mr. K. M. Sheth - Executive Chairman

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

Mr. Ravi K. Sheth - Executive Director

##### (iii) Enterprises over which Key Management Personnel exercise significant influence

- Great Offshore Limited (upto September 18, 2007)

- Jyoti Bharat Sheth Family Trust

### (II) Transactions with related parties :

RS. IN LAKHS

NATURE OF TRANSACTION	SUBSIDIARY COMPANIES		JOINT VENTURE		ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL EXERCISE SIGNIFICANT INFLUENCE		KEY MANAGEMENT PERSONNEL		TOTAL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Services received - The Greatship (Singapore) Pte Ltd. Rs. 336 lakhs - The Great Eastern Chartering LLC. Rs. 819 lakhs	1155	3509	-	-	-	-	-	-	1155	3509
Reimbursement of expenses - Greatship (India) Ltd. Rs. 27 lakhs	27	25	-	-	-	31	-	-	27	56
Dividend income - The Greatship (Singapore) Pte. Ltd. Rs. 18 lakhs	18	16	-	-	-	-	-	-	18	16
Interest income	-	77	-	-	-	7	-	-	-	84

NATURE OF TRANSACTION	RS. IN LAKHS									
	SUBSIDIARY COMPANIES		JOINT VENTURE		ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL EXERCISE SIGNIFICANT INFLUENCE		KEY MANAGEMENT PERSONNEL		TOTAL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Rendering of Service - Greatship (India) Ltd. Rs. 4 lakhs	4	7	-	-	-	-	-	-	4	7
Finance received Warrants Application Money	-	-	-	-	-	-	-	1440	-	1440
Sale of assets	-	-	-	-	-	1456	-	-	-	1456
Finance received (including loans, and repayment of loans and equity contributions)	-	1584	-	-	-	1914	-	-	-	3498
Finance provided (including loans and equity/preference contributions) - Greatship (India) Ltd. Rs. 47400 lakhs - CGU Logistics Ltd. Rs. 189 lakhs	47400	38600	189	110	-	1873	-	-	47589	40583
Remuneration - Shri K.M. Sheth Rs. 683 lakhs - Shri B.K. Sheth Rs. 912 lakhs - Shri R.K. Sheth Rs. 567 lakhs	-	-	-	-	-	-	2162	1909	2162	1909
Guarantee letters given - Greatship (India) Ltd. Rs. 14001 lakhs - Greatship Global Energy Services Pte. Ltd. Rs. 61706 lakhs - Greatship Global Offshore Services Pte. Ltd. Rs. 52700 lakhs - CGU Logistic Ltd. Rs. 194 lakhs	128407	143221	194	-	-	-	-	-	128601	143221
<b>Outstanding balance as on 31-03-2009 :</b>										
Payables - Greatship (India) Ltd. Rs. 94 lakhs - The Greatship (Singapore) Pte. Ltd. Rs. 18 lakhs	112	137	-	-	-	-	-	-	112	137

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



## 21. Interest in Joint Venture :

The Company's interest as a venturer in jointly controlled entities as on March 31, 2009 and its proportionate share in the assets, liabilities, income and expenses of the Joint Venture Company, is as under :

SR. NO.	NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% OF HOLDING	
			CURRENT YEAR	PREVIOUS YEAR
1.	CGU Logistic Ltd.	India	22.50%	22.56%
<b>RS. IN LAKHS</b>				
			CURRENT YEAR	PREVIOUS YEAR
<b>Assets</b>				
	Fixed Assets		1640	1804
	Inventory		16	-
	Cash and Bank Balances		168	1157
	Other Current Assets		9	-
	Loans and Advances		102	6
	Profit and Loss account		879	28
	<b>TOTAL</b>		<b>2814</b>	<b>2995</b>
<b>Liabilities</b>				
	Equity Share Capital		697	509
	Share Application Money		416	110
	Secured Loans		1559	1226
	Unsecured Loans		114	-
	Current Liabilities		28	1150
	<b>TOTAL</b>		<b>2814</b>	<b>2995</b>
<b>Income</b>				
	Income from Operations		-	2
	Other Income		3	1
	<b>TOTAL</b>		<b>3</b>	<b>3</b>
<b>Expenditure</b>				
	Operating Expenses		141	13
	Administration and other expenses		68	13
	Foreign exchange fluctuation loss		367	-
	Interest & Finance Charges		98	-
	Depreciation		180	-
	Provision for Taxation – Current Tax		2	-
	<b>TOTAL</b>		<b>856</b>	<b>26</b>

The Company's share of each of the assets, liabilities, income & expenses related to its interests in the joint venture is based on the unaudited financial information received from the venturers.

**22. Basic and diluted earnings per share :****RS. IN LAKHS**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a) Profit for the year after tax	<b>137469</b>	135673
Add : Extraordinary items and prior period adjustments	<b>1013</b>	8
Net Profit after tax for Equity Shareholders	<b>138482</b>	135681
(b) Number of Equity shares		
(i) Basic Earning per Share		
Number of Equity shares as on April 1, 2008	<b>15,22,73,924</b>	15,22,73,924
Add : Shares allotted from abeyance quota	<b>5,760</b>	-
Shares issued during the year	<b>10,000</b>	-
Number of Equity shares as on March 31, 2009	<b>15,22,89,684</b>	15,22,73,924
Weighted average number of Equity shares	<b>15,22,82,319</b>	15,22,73,924
(ii) Diluted Earning per Share :		
Weighted number of Equity shares	<b>15,22,82,319</b>	15,22,73,924
Add : Potential Equity Shares on exercise of options and Rights kept in abeyance	<b>3,11,743</b>	12,61,369
Weighted average number of Equity shares	<b>15,25,94,062</b>	15,35,35,293
(c) Face value of Equity Share	<b>Rs. 10</b>	Rs. 10
(d) Earnings per share		
- Basic	<b>Rs. 90.94</b>	Rs. 89.11
- Diluted	<b>Rs. 90.75</b>	Rs. 88.37

**23.** Information pursuant to para 4D of Part II of Schedule VI to the Companies Act, 1956 has not been given in view of exemption granted by the Department of Company Affairs, vide Order No. 46/34/2009-CL-III dated March 26, 2009.

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





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

### Balance Sheet Abstract and Company's General Business Profile :

#### I. Registration Details :

Registration No.	6472 of 1948
State Code	11
Balance Sheet Date	31-03-2009

#### II. Capital Raised during the year :

**RS. IN LAKHS**

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
*Private Placement	1

#### III. Position of Mobilisation and Deployment of Funds :

**RS. IN LAKHS**

Total Liabilities	878839
Total Assets	878839

##### Sources of Funds :

Paid-up Capital	15229
Reserves & Surplus	477593
Secured Loans	306655
Unsecured Loans	NIL

##### Application of Funds :

Net Fixed Assets	537401
Investments	125096
Net Current Assets	136980
Misc. Expenditure	NIL
Accumulated Losses	NIL

#### IV. Performance of Company :

**RS. IN LAKHS**

Turnover	336474
Total Expenditure	194505
Profit Before Tax	141969
Net Profit	138482
Earning Per Share ( In Rs.) :	
- Basic	90.94
- Diluted	90.75
Dividend Rate (%)	80

#### V. Generic Names of Three Principal Products/

##### Services of Company (as per monetary terms) :

Description	<b>ITEM CODE NO.</b>
I) Shipping	N.A.

\* During the year 10,000 Equity Shares were issued to one of the non-executive directors on conversion of equity warrants issued to directors on preferential basis.

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

1. We have audited the attached Consolidated Balance Sheet of The Great Eastern Shipping Company Limited and its subsidiaries as at March 31, 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, annexed thereto. These consolidated financial statements are the responsibility of The Great Eastern Shipping Company Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 152890 lakhs as at March 31, 2009, total revenues of Rs. 75694 lakhs and net cash inflows amounting to Rs. 16650 lakhs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to amounts included in respect of the subsidiaries is based solely on the report of the other auditors.  
  
(b) As stated in Note 5 of Schedule 20, the financial statements of the Company's Joint Venture, whose financial statements reflect the Group's share of total assets of Rs. 1907 lakhs and Group's share of loss of Rs. 853 lakhs and net cash outflows amounting to Rs. 989 lakhs for the year ended on that date are not audited as of the date of this report and have been included in the consolidated financial statements on the basis of unaudited financial information received from the venturers.
4. We report that the consolidated financial statements have been prepared by the management of The Great Eastern Shipping Company Limited in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India.
5. Without qualifying our opinion, we draw attention to:
  - i) Note 15 of Schedule 20, Notes to Accounts regarding change in accounting policy, pursuant to the notification issued by the Ministry of Corporate Affairs inserting paragraph 46 in Accounting Standard (AS) 11 'The Effects of Changes in Foreign Exchange Rates'. Consequent thereto, the Group has opted for accounting the exchange differences arising on long-term foreign currency monetary items relating to acquisition of depreciable capital assets in the cost of such asset and the exchange loss on foreign currency loans relating to acquisition of depreciable assets amounting to Rs. 63267 lakhs for the year ended March 31, 2009 are added to the cost of such assets. The corresponding gains of Rs. 13442 lakhs (net of depreciation of Rs. 1062 lakhs) for the year ended March 31, 2008 has been reversed from General Reserve and deducted from the cost of such assets.
  - ii) The Company has with effect from April 1, 2008 adopted the principles of hedge accounting enunciated in Accounting Standard (AS) 30 – 'Financial Instruments Recognition and Measurement', in respect of derivative transactions entered into to hedge currency, interest rate and bunker price risks. Accordingly, the unrealised gains or losses amounting to Rs. 42573 lakhs on such derivative transactions which have been designated as part of a hedging relationship and which qualify as effective hedges, have been recorded in the Hedging Reserve account. Further, cancellation loss of Rs. 511 lakhs has also been debited to the Hedging Reserve account in accordance with the principles of hedge accounting.
  - iii) Consequent to the changes in the aforesaid accounting policies, the fixed assets as at March 31, 2009 are higher by Rs. 49761 lakhs, current liabilities are higher by Rs. 42882 lakhs, depreciation for the year is higher by Rs. 2617 lakhs, profit for the year is higher by Rs. 62888 lakhs and the Reserves as at March 31, 2009 are higher by Rs. 6362 lakhs.



6. Subject to the matters referred to in paragraph 3 above, and based on our audit and on consideration of the reports of other auditors on separate financial statements and other financial information of the components, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of The Great Eastern Shipping Company Limited Group as March 31, 2009;
  - b) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations for the year ended on that date; and
  - c) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For and on behalf of

**Kalyaniwalla & Mistry**  
Chartered Accountants

**Viraf R. Mehta**  
Partner  
Membership No: 32083  
Mumbai, May 8, 2009.

## Consolidated Balance Sheet as at March 31, 2009.

		RS. IN LAKHS	
	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>Sources of Funds :</b>			
Shareholders' Funds :			
Capital	1	15229	15227
Application Money - Equity Shares and Warrants		1006	2193
Employee stock options outstanding		189	74
Reserves and Surplus	2	506786	415671
		523210	433165
Loan Funds :			
Secured Loans	3	426478	274693
Unsecured Loans		114	-
<b>TOTAL</b>		<b>949802</b>	<b>707858</b>
<b>Application of Funds :</b>			
Fixed Assets :			
	4		
Gross Block		751477	658968
Less : Depreciation (including impairment)		185286	174700
Net Block		566191	484268
Ships under Construction/Capital work-in-progress		191805	83783
		757996	568051
Investments	5	30233	31745
Current Assets, Loans and Advances :			
Inventories	6	7311	6117
Sundry Debtors	7	22835	14973
Cash and Bank balances	8	221767	123624
Other Current assets	9	2226	2470
Loans and Advances	10	17196	10758
		271335	157942
Less : Current Liabilities and Provisions :			
Current Liabilities	11	94868	46123
Provisions	12	13108	3429
Incomplete Voyages (net)		1786	328
		109762	49880
Net Current Assets		161573	108062
<b>TOTAL</b>		<b>949802</b>	<b>707858</b>
Significant Accounting Policies	19		
Notes on Accounts	20		

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

As per our Report attached hereto

For and on behalf of  
**Kalyaniwalla & Mistry**  
Chartered Accountants  
**Viraf R. Mehta**  
Partner  
Mumbai, May 08, 2009

**Jayesh M. Trivedi**  
Company Secretary

For and on behalf of the Board

**K. M. Sheth**  
**Bharat K. Sheth**  
**R. N. Sethna**

Executive Chairman  
Deputy Chairman & Managing Director  
Director

Mumbai, May 08, 2009



## Consolidated Profit and Loss Account for the year ended March 31, 2009.

		RS. IN LAKHS	
	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>Income :</b>			
Income from Operations	13	412393	361540
Other Income	14	21895	14742
		<b>434288</b>	376282
<b>Expenditure :</b>			
Operating Expenses	15	206104	161660
Administration & Other Expenses	16	19012	12864
Interest & Finance charges	17	18468	16163
Depreciation		38395	35508
Impairment loss on vessel		7000	-
		<b>288979</b>	226195
<b>Profit before tax</b>		<b>145309</b>	150087
Less : Provision for taxation			
- Current tax		4393	4606
- Fringe Benefit tax		146	130
		<b>4539</b>	4736
<b>Profit for the year after tax</b>		<b>140770</b>	145351
Add/(Less) : Prior period adjustments	18	1013	(16)
		<b>141783</b>	145335
Less : Transfer to Tonnage Tax Reserve Account under Section 115VT of the Income-tax Act, 1961		24600	23350
		<b>117183</b>	121985
Add : Transfer from Reserve under Section 33AC of the Income-tax Act, 1961		-	24000
Add : Transfer from Exchange Fluctuation Reserve		-	2500
		<b>-</b>	26500
		<b>117183</b>	148485
Add : Surplus brought forward from previous year		200254	98500
Add : Subsidiary loss adjusted against Capital on liquidation of Subsidiary		725	-
		<b>200979</b>	98500
<b>Amount available for appropriation</b>		<b>318162</b>	246985
<b>Appropriations :</b>			
- Transfer to General Reserve		14000	20000
- Transfer to Statutory Reserve		-	8
- Interim Dividend on Equity Shares		12184	22841
- Tax on Dividends		2071	3882
		<b>28255</b>	46731
<b>Balance Carried Forward</b>		<b>289907</b>	200254
<b>Basic earnings per share (in Rs.)</b>		<b>93.11</b>	95.45
<b>Diluted earnings per share (in Rs.)</b>		<b>92.92</b>	94.66
Significant Accounting Policies	19		
Notes on Accounts	20		

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

As per our Report attached hereto

For and on behalf of

**Kalyaniwalla & Mistry**

Chartered Accountants

**Viraf R. Mehta**

Partner

Mumbai, May 08, 2009

**Jayesh M. Trivedi**

Company Secretary

**K. M. Sheth**

**Bharat K. Sheth**

**R. N. Sethna**

Mumbai, May 08, 2009

For and on behalf of the Board

Executive Chairman

Deputy Chairman & Managing Director

Director

## Consolidated Cash Flow Statement for the Year Ended March 31, 2009.

	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
<b>A. Cash Flow From Operating Activities</b>		
Net Profit/(Loss) Before Tax :	145309	150087
Adjustments For :		
Prior year adjustments	1013	(16)
Depreciation	38395	35508
Impairment loss on vessel	7000	-
Interest earned	(11072)	(8752)
Interest paid	18468	16162
Dividend received	(3381)	(2716)
Compensation on cancellation of ship building contract	3364	-
Provision for diminution in value of investments	3257	-
Provision for loss on subsidiary	762	267
Profit on sale of investments (Net)	(5871)	(184)
Profit on sale of sundry assets	(40)	(1588)
Bad debts/advances written off	271	252
Provision for doubtful debts	258	1097
Provision for loss on onerous incharter hire contracts	8993	-
Foreign exchange	(47)	(15296)
Operating Profit Before Working Capital Changes	206679	174821
Adjustments For :		
Trade & Other Receivables	(9635)	2573
Inventories	1045	(2429)
Incomplete Voyages (Net)	131	(120)
Trade Payables	12353	9948
Cash Generated From Operations :	210573	184793
Tax Paid	(4688)	(4957)
<b>Net Cash From Operating Activities</b>	<b>205885</b>	<b>179836</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of fixed assets	(233652)	(217118)
Sale proceeds of fixed assets (refer note 1)	36539	19893
Purchase of Investments	(480425)	(396010)
Sale proceeds of Investments	491404	373104
Disposal of investment in associates	6043	7020
Interest received	11315	9510
Dividend received	3381	2716
<b>Net Cash From/(Used In) Investing Activities</b>	<b>(165395)</b>	<b>(200885)</b>
<b>C. Cash Flow From Financing Activities</b>		
Application Money towards equity shares	306	-
Proceeds from issues of shares	28	-
Application money towards Equity Warrants	-	2193
Proceeds from long term borrowings	130803	97946
Repayments of long term borrowings	(39023)	(34367)
Dividend paid	(18936)	(18180)
Tax on Dividend paid	(3235)	(3106)
Interest paid	(18828)	(16252)
<b>Net Cash From/(Used In) in Financing Activities</b>	<b>51115</b>	<b>28234</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>91605</b>	<b>7185</b>
<b>Cash and cash equivalents as at April 1, 2008 (refer note 2)</b>	<b>126034</b>	<b>118849</b>
<b>Cash and cash equivalents as at March 31, 2009 (refer note 2)</b>	<b>217639</b>	<b>126034</b>

### Notes :

- Profit on sale of ships, is considered as operating income, consequently the sale proceeds are net of profit on sale of ships.
- Cash and cash equivalents

	MARCH 31, 2009	MARCH 31, 2008
Cash and bank balances	221767	123624
Effect of exchange rate changes [(gain)/loss]	(4128)	2410
Cash and cash equivalents as restated	217639	126034

- Cash and cash equivalents include Rs. 1469 lakhs (Previous Year Rs. 2155 lakhs) which are under lien as margin/security deposit against financial facilities granted by banks.

As per our Report attached hereto

For and on behalf of  
**Kalyaniwalla & Mistry**  
Chartered Accountants  
**Viraf R. Mehta**  
Partner  
Mumbai, May 08, 2009

**Jayesh M. Trivedi**  
Company Secretary

For and on behalf of the Board

**K. M. Sheth**  
**Bharat K. Sheth**  
**R. N. Sethna**

Executive Chairman  
Deputy Chairman & Managing Director  
Director

Mumbai, May 08, 2009



**Schedules Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2009.**

		<b>RS. IN LAKHS</b>	
		<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>Schedule “1” :</b>			
<b>Share Capital :</b>			
Authorised :			
30,00,00,000	Equity Shares of Rs.10 each	<b>30000</b>	30000
20,00,00,000	Preference Shares of Rs.10 each	<b>20000</b>	20000
		<b>50000</b>	50000
Issued :			
15,27,08,445	(Previous Year 15,26,98,445) Equity Shares of Rs.10 each	<b>15271</b>	15270
		<b>15271</b>	15270
Subscribed :			
15,22,92,202	(Previous Year 15,22,76,442) Equity Shares of Rs.10 each	<b>15229</b>	15227
		<b>15229</b>	15227
Paid-up :			
15,22,89,684	(Previous Year 15,22,73,924) Equity Shares of Rs.10 each fully paid-up	<b>15229</b>	15227
		<b>15229</b>	15227

**Notes :**

1. Out of above, 74,39,858 (Previous Year 74,39,858) shares are allotted as fully paid-up pursuant to a contract without payment being received in cash.
2. The Paid-up Equity Share Capital includes Rs. 0.30 lakh (Previous Year Rs. 0.30 lakh), on account of forfeited shares and is net of Calls in Arrears Rs. 0.31 lakh (Previous Year Rs. 0.31 lakh).

**Schedule “2” :****Reserves and Surplus :**

(a) Capital Reserve :		
Amount forfeited on warrants not exercised	1598	-
(b) Capital Redemption Reserve :		
As per last Balance Sheet	23854	23854
(c) Reserve Under Section 33AC of the Income-tax Act, 1961 :		
As per last Balance Sheet	-	24000
Less : Transfer to Profit & Loss Account	-	24000
	-	-
(d) Tonnage Tax Reserve Account Under Section 115VT of the Income-tax Act, 1961 :		
As per last Balance Sheet	67885	44535
Add : Transfer from Profit and Loss Account	24600	23350
	92485	67885
(e) Statutory Reserves :		
As per last Balance Sheet	10	8
(f) Debenture Redemption Reserve :		
As per last Balance Sheet	5750	5750
(g) Exchange Fluctuation Reserve :		
As per last Balance Sheet	-	2500
Less : Transfer to Profit & Loss Account	-	2500
	-	-
(h) Share Premium Account :		
As per last Balance Sheet	12601	12601
Add : Premium on shares issued during the year	30	-
	12631	12601
(i) Foreign Currency Translation Reserve :		
As per last Balance Sheet	(626)	(313)
Add : Gain/(loss) on foreign currency translation	17694	(313)
	17068	(626)
(j) Hedging Reserve Account :		
(Loss)/gain on derivative contracts designated as cash flow hedges	(43083)	-
(k) Foreign Currency Monetary Translation Difference Account :		
Gain on long term foreign currency Monetary Item	63	-
(l) General Reserve :		
As per last Balance Sheet	105945	85945
Add : Exchange difference recognised in profit and loss account in the previous year, adjusted from cost of assets on exercise of option (net of depreciation)	(13442)	-
Add : Transfer from Profit and Loss Account	14000	20000
	106503	105945
(m) Profit and Loss Account :	289907	200254
	506786	415671

**Schedule “3” :****Secured Loans :**

(a) Term Loans -		
- From Banks	408394	264710
Secured by mortgage of specific ships, assignment of bank deposit and a financial covenant to maintain unencumbered assets.		
(b) Non-Convertible Debentures* -		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -		
- 6.05 % redeemable on September 19, 2010.**	8733	8733
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 50,00,000 each -		
- 10.25 % (series 7) redeemable in one annual instalment on May 25, 2008.	-	1250

\* Secured by mortgage of specified immovable properties and ships.

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

Finance Lease Payable (refer note 20)	9351	-
	426478	274693





**Schedule "4" :  
Fixed Assets :**

Particulars	Cost				Depreciation		Impairment		Net Block As on March 31, 2009
	As At April 1, 2008	Additions For The Year	Deductions For The Year [Note 10 (b)]	As At March 31, 2009	Upto March 31, 2008	Adjustments For The Year Sold/ Discarded	As At April 1, 2008	For The Year [Note 10 (d)]	
Fleet	<b>644289</b> 531110	<b>161457</b> 164266	<b>69446</b> 51087	<b>736300</b> 644289	<b>161554</b> 159853	<b>** 34554</b> 33040	<b>37535</b> 34741	<b>164535</b> 161554	<b>15755</b> 8755
Plant & Machinery	<b>1376</b> 1296	<b>232</b> 205	<b>407</b> 125	<b>1201</b> 1376	<b>468</b> 463	<b>137</b> 125	<b>130</b> 130	<b>461</b> 468	<b>-</b> -
Land (Freehold & Perpetual Lease)	<b>4934</b> 4934	- -	- -	<b>4934</b> 4934	- -	- -	- -	- -	<b>4934</b> 4934
Ownership Flats and Office Premises *	<b>4364</b> 4311	<b>264</b> 406	- 353	<b>4628</b> 4364	<b>1092</b> 1035	- 108	<b>170</b> 165	<b>1262</b> 1092	<b>135</b> 135
Furniture, Fixtures and Office Equipment	<b>2987</b> 2697	<b>378</b> 612	<b>76</b> 322	<b>3289</b> 2987	<b>2229</b> 2299	<b>62</b> 322	<b>321</b> 252	<b>2488</b> 2229	<b>-</b> -
Vehicles	<b>1018</b> 706	<b>181</b> 532	<b>74</b> 220	<b>1125</b> 1018	<b>467</b> 454	<b>56</b> 207	<b>239</b> 220	<b>650</b> 467	<b>-</b> -
<b>SUB-TOTAL</b>	<b>658968</b> 545054	<b>162512</b> 166021	<b>70003</b> 52107	<b>751477</b> 658968	<b>165810</b> 164104	<b>34809</b> 33802	<b>38395</b> 35508	<b>169396</b> 165810	<b>15890</b> 8890
Ships under construction/Capital work-in-Progress									<b>191805</b> 83783
									<b>757996</b> 568051

**Notes :**

\* The Ownership Flats & Office Premises include Rs. 0.13 lakh (Previous Year Rs. 0.13 lakh), being value of shares held in various co-operative societies.

\*\* Adjustment/Deductions for assets sold/ discarded on fleet includes Rs. 1062 lakhs being depreciation component of the foreign exchange gain for the previous year deducted from the carrying amount of fixed assets pursuant to the option exercised by the Company under paragraph 46 in Accounting Standard (AS) 11 introduced vide The Ministry of Corporate Affairs notification dated March 31, 2009.  
(Previous Year figures are in italics)

	FACE VALUE	CURRENT YEAR		PREVIOUS YEAR	
		NO. OF UNITS	RS. IN LAKHS	NO. OF UNITS	RS. IN LAKHS
Schedule “5” :					
Investments :					
(a) Long Term Investments :					
(At cost - fully paid unless stated otherwise)					
Equity Shares : Unquoted					
Associates :					
Business Standard Ltd.	10	-	-	1,67,85,787	
Seachange Maritime L.L.C.		11,04,000	4667	7,36,000	645
Less : Provision for dimunition in value of investments			3912		-
			755		645
(b) Current Investments :					
(At lower of cost and fair value - fully paid)					
Mutual Funds - Unquoted					
Redeemed during the year :					
Birla Income Plus - Quarterly Dividend Reinvestment	10	-	-	1,76,46,860	1867
Templeton India Short Term Income Plan Institutional Weekly Dividend Reinvestment	1000	-	-	1,49,488	1503
JM Money Manager Fund Super Plus Plan- Daily Dividend	10	-	-	75,40,948	754
JM - Interval Fund Quarterly Plan 6 - Institutional Dividend Plan	10	-	-	50,31,795	503
HSBC Flexi Debt Fund - Institutional Fortnightly Dividend	10	-	-	4,82,26,338	4837
ICICI Prudential Institutional Income Plus Plan - Dividend	10	-	-	3,50,97,042	3689
Tata Fixed Income Portfolio Scheme C3 Institutional Fund - Dividend	10	-	-	50,00,000	500
Tata Fixed Income Portfolio Fund Scheme A2 Institutional - Dividend	10	-	-	2,50,96,907	2512
Tata Floating Rate Fund Long Term - Income	10	-	-	2,45,25,195	2481
Tata Dynamic Bond Fund Option A - Dividend	10	-	-	1,91,13,969	2007
SBI Debt Fund Series - 90 Days-20 (26-Feb-08) - Dividend	10	-	-	2,00,53,066	2005
SBI Debt Fund Series - 30 Days-1 (13-Mar-08) - Dividend	10	-	-	3,00,60,243	3006
Birla Cash Plus Institutional Premium - Daily Dividend Reinvestment	10	-	-	1,60,73,334	1608
Birla Sun Life Liquid Plus - Institutional - Daily Dividend Reinvestment	10	-	-	10,27,033	103
JM Money Manager Fund Super Plus Plan- Daily Dividend	10	-	-	50,25,218	503
ING Liquid Plus Fund - Institutional Daily Dividend	10	-	-	1,50,92,425	1510
Principal Floating Rate Fund FMP - Institutional Daily Reinvestment	10	-	-	15,14,049	151
DWS Credit Opportunities Cash Fund - Weekly Dividend Reinvestment	10	-	-	1,55,51,978	1561
Subscribed during the year :					
DSP Black Rock Bond Fund - Retail Quarterly Dividend Reinvestment	11	18,28,510	193	-	-
Fortis Short Term Income Fund Institutional Plus Daily Dividend	10	5,40,63,014	5408	-	-
HDFC Short Term Plan Dividend Option Reinvestment	10	1,93,90,945	2005	-	-
HSBC Flexi Debt - Institutional Plus Dividend	10	2,10,36,630	2052	-	-
Kotak Bond Short Term - Monthly Dividend	10	2,10,90,842	2126	-	-
Reliance Income Fund - Retail Plan - Monthly Dividend	10	97,84,138	999	-	-
Reliance Liquidity Fund - Daily Dividend Plan	10	29,99,538	300	-	-
SBI SHF Liquid Plus IP DDR	10	4,05,05,973	4053	-	-
Reliance Money Manager Fund IP DDR	1,000	4,10,978	4114	-	-
HSBC Ultra Short Term Bond Fund - IP DDR	10	4,12,33,741	4144	-	-
HDFC Cash Management Fund - Savings Plan	10	4,07,17,528	4084	-	-
			29478		31100
			30233		31745



	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
<b>Schedule "6" :</b>		
<b>Inventories :</b>		
- Stores and Spares on board Rig	1747	-
- Fuel oils	5564	6117
	<b>7311</b>	<b>6117</b>
<b>Schedule "7" :</b>		
<b>Sundry Debtors :</b>		
<b>(Unsecured)</b>		
(a) Debts outstanding over six months :		
- Considered good	1162	633
- Considered doubtful	1525	1978
	<b>2687</b>	<b>2611</b>
(b) Other Debts :		
- Considered good	21673	14340
- Considered doubtful	280	-
	<b>21953</b>	<b>14340</b>
	<b>24640</b>	<b>16951</b>
Less : Provision for doubtful debts	1805	1978
	<b>22835</b>	<b>14973</b>
<b>Schedule "8" :</b>		
<b>Cash and Bank Balances :</b>		
(a) Cash on hand	4	3
(b) Balances with scheduled banks :		
- On current account	10870	1516
- On deposit account	144607	104502
	<b>155477</b>	<b>106018</b>
(c) Balances with other banks on call/deposit accounts	66286	17603
	<b>221767</b>	<b>123624</b>
<b>Schedule "9" :</b>		
<b>Other Current Assets :</b>		
Interest accrued on deposits	2226	2470
	<b>2226</b>	<b>2470</b>
<b>Schedule "10" :</b>		
<b>Loans And Advances :</b>		
<b>(Unsecured - considered good ,unless otherwise stated)</b>		
(a) Advances recoverable in cash or in kind or for value to be received. (Net of provision for doubtful advances Rs.160 lakhs, - Previous year Rs. 97 lakhs)	9462	7613
(b) Agents' current accounts	3731	2587
(c) Derivatives Contract Receivable	3356	69
(d) Balances with Customs, Port Trust etc.	10	7
(e) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation - Rs. 12423 lakhs, Previous Year Rs. 10720 lakhs)	637	482
	<b>17196</b>	<b>10758</b>
<b>Schedule "11" :</b>		
<b>Current Liabilities :</b>		
(a) Sundry Creditors	34580	24986
(b) Advance Charter Hire	1440	3356
(c) Derivative Contracts Payable (net)	42882	-
(d) Liabilities towards Investor Education and Protection Fund, not due - Unpaid dividend	779	679
(e) Other Liabilities	5958	817
(f) Interest accrued but not due on loans	3787	3303
(g) Managerial Remuneration payable	873	1561
(h) Interim dividend payable	4569	11421
	<b>94868</b>	<b>46123</b>
<b>Schedule "12" :</b>		
<b>Provisions :</b>		
(a) Provision for tax on dividends	776	1941
(b) Provision for Retirement benefits	2353	1488
(c) Provision for loss on onerous incharter hire cotract	9979	-
	<b>13108</b>	<b>3429</b>

**Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2009.**

	<b>RS. IN LAKHS</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>Schedule “13” :</b>		
<b>Income From Operations :</b>		
Freight and Demurrage	<b>207463</b>	163404
Charter Hire	<b>171693</b>	147435
Profit on sale of Ships	<b>25447</b>	28942
Gain on foreign currency transactions (net)	<b>6867</b>	19515
Miscellaneous Operating Income	<b>923</b>	2244
	<b>412393</b>	361540
<b>Schedule “14” :</b>		
<b>Other Income :</b>		
Dividend on current investment	<b>3381</b>	2716
Interest earned (Gross) :		
- on term deposits	<b>9319</b>	7461
- on call deposit	<b>730</b>	1098
- others	<b>1023</b>	193
(Income-tax deducted at source Rs.1750 lakhs, Previous Year Rs.1705 lakhs )	<b>11072</b>	8752
Profit on sale of Investments :		
- long term investment	<b>6043</b>	-
- current investments (net)	<b>-</b>	184
	<b>6043</b>	184
Profit on sale of sundry assets (net)	<b>40</b>	1588
Miscellaneous Income	<b>1359</b>	1502
	<b>21895</b>	14742
<b>Schedule “15” :</b>		
<b>Operating Expenses :</b>		
Fuel Oil and Water	<b>57139</b>	37035
Port, Light and Canal Dues	<b>16587</b>	12306
Stevedoring, Despatch & Cargo Expenses	<b>1052</b>	686
Hire of chartered ships	<b>56866</b>	59233
Rig Mobilisation Expenses	<b>1475</b>	-
Provision for loss on onerous incharter hire contract - an exceptional item	<b>8993</b>	-
Brokerage & Commission	<b>5107</b>	4133
Agency Fees	<b>1138</b>	882
Wages, Bonus and Other Expenses - Floating Staff	<b>20807</b>	17682
Contribution to Provident & Other Funds - Floating Staff	<b>589</b>	235
Stores	<b>6131</b>	6623
Repairs & Maintenance - Fleet	<b>22151</b>	17837
Insurance & Protection Club Fees	<b>3848</b>	3384
Vessel Management Expenses	<b>280</b>	565
Sundry Operating Expenses	<b>2623</b>	1059
Compensation on cancellation of Ship Building/Sale contracts (net) - an exceptional item	<b>1318</b>	-
	<b>206104</b>	161660



	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
<b>Schedule “16” :</b>		
<b>Administration &amp; Other Expenses :</b>		
Staff Expenses		
- Salaries, Allowances & Bonus	8146	6248
- Staff Welfare Expenses	177	147
- Contribution to Provident & Other Funds	592	337
	8915	6732
Rent	437	252
Insurance	122	78
Repairs and Maintenance -		
- Buildings	57	43
- Others	411	315
	468	358
Property Taxes	14	14
Miscellaneous Expenses	4296	3814
Loss on sale of current investments	172	-
Provision for diminution on Investment	3257	267
Loss on liquidation of subsidiary	762	-
Bad debts and advances written off	271	252
Provision for doubtful debts & advances (Net)	298	1097
	19012	12864
<b>Schedule “17” :</b>		
<b>Interest &amp; Finance Charges :</b>		
Interest on Fixed Loans	18479	16283
Other Interest	5	9
Finance charges	874	484
	19358	16776
Less : Pre-delivery interest capitalised	890	613
	18468	16163
<b>Schedule “18” :</b>		
<b>Prior Period Adjustments :</b>		
Income tax adjustments of prior years	1013	(42)
Short provisions for expenses	-	26
	1013	(16)

## **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 and the provisions of the Companies Act, 1956 to the extent applicable.

#### **(b) Use of Estimates :**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

#### **(c) Fixed Assets :**

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition and borrowings cost during construction period. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of assets are adjusted to the carrying cost of the assets.

#### **(d) Investments :**

- (i) Investments are classified into long-term and current investments.
- (ii) Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.
- (iii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

#### **(e) Inventories :**

Inventories of fuel oil and spares on board Rigs are carried at lower of cost or net realizable value. Cost is ascertained on first-in-first out basis.

#### **(f) Incomplete voyages :**

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

#### **(g) Borrowing Costs :**

Borrowing costs that are directly attributable to the acquisition/construction of the qualifying assets are capitalised as part of the asset, upto the date of acquisition/completion of construction.

#### **(h) Revenue recognition :**

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

#### **(i) Operating expenses :**

- (i) Fleet direct operating expenses are charged to revenue on completed voyage basis.
- (ii) Stores and spares delivered on board the ships are charged to revenue. Spares on board Rigs are charged to revenue on consumption basis.
- (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) Leases :**

##### **(i) Finance lease**

Lease of assets where the Company assumes substantially the risk and rewards of ownerships are classified as finance leases. Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor (net of finance charges) is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Gains arising from sale and finance leaseback of motor vessel is determined based on fair values. Sale proceeds in excess of fair values are deferred and amortised over the minimum lease terms.



(ii) Operating lease

Lease of assets in which a significant portion of the risk and rewards of ownership are retained are classified as operating leases.

Rentals payables under operating leases are charged to income statement on a straight line basis over the term of the relevant lease.

**(k) Employee benefits :**

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and leave encashment in respect of all eligible employees and for pension benefit to wholetime directors of the Company.

(i) Defined Contribution Plan

Employee benefits in the form of Superannuation Fund, Provident Fund and other Seamen's Welfare Contributions are considered as defined contribution plans and the contributions are charged to the Profit and Loss of the period when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of Gratuity and the Pension plan for Wholetime Directors are considered as defined benefit obligations and are provided for on the basis of actuarial valuations, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other long-term benefits

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, comprising of experience adjustments and the effects of changes in actuarial assumptions if any, are immediately recognised in the Profit and Loss Account.

**(l) Depreciation :**

- (i) Depreciation is provided so as to write off 95% of the original cost of the asset over the estimated useful life or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The basis for charging depreciation and the estimated useful life of the assets is as under :

		Estimated Useful life/depreciation rate
Fleet		
- Single Hull Tankers	Straight line over balance useful life or 5%, whichever is higher	20 to 23 years*
- Double Hull Tankers		20 to 25 years
- Dry Bulk Carriers		23 to 30 years
- Gas Carriers		27 to 30 years
- Offshore Supply Vessels		25 to 30 years
Leasehold land	Straight line	Lease period
Ownership flats and buildings	Written down value	5%
Leasehold improvements	Straight line	5 years
Furniture & Fixtures, Office Equipment, etc.	Straight line	5 years
Computers	Straight line	3 years
Vehicles	Straight line	4 years
Software	Straight line	5 years
Plant & Machinery	Straight line	10 years

\* Subject to the life of single side single bottom vessels being restricted to March 31, 2010.

- (ii) Depreciation on fleet is provided on *pro rata* basis and on Other Assets depreciation is provided for the full year on additions and no depreciation is provided in the year of disposal.
- (iii) In case of assets depreciated under the straight line method, 95% of the original cost is written off over the estimated useful life. However, if an asset continues in operation beyond the useful life, as estimated by the management, the balance cost is depreciated in the subsequent year.

**(m) Asset Impairment :**

The carrying amounts of the Company's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the

carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognised in the statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortisation of depreciation) had no impairment loss been recognised for the asset in prior accounting periods.

**(n) Foreign Exchange Transactions :**

- (i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are translated at closing rates. The difference in translation of long-term monetary assets and liabilities and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the balance life of the asset and in other cases accumulated in a Foreign Currency Item Translation Difference Account and amortised over the balance period of such long term asset/liability, but not beyond March 31, 2011 by recognition as income or expense. The difference in translation of all other monetary assets and liabilities and realised gains and losses on other foreign currency transactions are recognised in the Profit and Loss Account.
- (ii) Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Profit and Loss Account, except in case of contracts relating to the acquisition of depreciable capital assets, in which case they are added or deducted from the cost of the assets. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.
- (iii) Currency swaps which form an integral part of the loans are translated at closing rates and the resultant gains and losses are dealt with in the same manner as the translation differences of long term monetary assets and liabilities.

**(o) Derivative Financial Instruments and Hedging :**

The Company enters into derivative financial instruments to hedge foreign currency risk of firm commitments and highly probable forecast transactions, interest rate risk and bunker price risk. The method of recognising the resultant gain or loss depends on whether the derivative is designated as a Hedging instrument, and if so, the nature of the item being hedged. The carrying amount of a derivative designated as a hedge is presented as a current asset or a liability. The Company does not enter into any derivatives for trading purposes.

**Cash Flow Hedge :**

Forward exchange contracts entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions, forward rate options, currency and interest rate swaps and commodity future contracts, that qualify as cash flow hedges are recorded in accordance with the principles of hedge accounting enunciated in Accounting Standard (AS) 30 – Financial Instruments: Recognition and Measurement. The gains or losses on designated hedging instruments that qualify as effective hedges is recorded in the Hedging Reserve account and is recognized in the statement of Profit and Loss in the same period or periods during which the hedged transaction affects profit and loss or is transferred to the cost of the hedged non-monetary asset upon acquisition.

Gains or losses on the ineffective transactions are immediately recognised in the Profit and Loss account. When a forecasted transaction is no longer expected to occur the gains and losses that were previously recognised in the Hedging Reserve are transferred to the statement of Profit and Loss immediately.

**(p) Provision for Taxation :**

Tax expense comprises both current and deferred tax.

- (i) Provision for current income-tax is made on the basis of the assessable income under the Income-tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.
- (ii) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non-shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

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

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

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





## Schedule “20” :

### Notes on Consolidated Accounts :

#### 1. Basis of Consolidation :

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

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gains/(losses) arising on conversion are recognised under Foreign Currency Translation Reserve.

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

Investment in Joint Venture is dealt with in accordance with Accounting Standard (AS) 27 “Financial Reporting of Interests in Joint Ventures”. The Group’s interest in the Joint Venture is accounted for using the proportionate consolidation method.

2. The financial statements of the subsidiaries and joint venture used in the consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2009. The audited financial statement of the Joint Venture are not available as of the reporting date and have thus been consolidated on the basis of unaudited accounts drawn upto March 31, 2009 received from them.

#### 3. The subsidiary companies considered in the consolidated financial statements are :

SR. NO.	NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% OF HOLDING	
			CURRENT YEAR	PREVIOUS YEAR
1.	The Great Eastern Shipping Co. London Ltd.	U.K.	100%	100%
2.	The Greatship (Singapore) Pte. Ltd.	Singapore	100%	100%
3.	The Great Eastern Chartering LLC (FZC)	U.A.E.	100%	100%
4.	Greatship (India) Ltd.	India	100%	100%
5.	Greatship Holdings B.V. (liquidated) (wholly owned subsidiary of Greatship (India) Ltd.) (*)	Netherland	—	100%
6.	Greatship Global Energy Services Pte Ltd. (wholly owned subsidiary of Greatship (India) Ltd.)	Singapore	100%	100%
7.	Greatship Global Holdings Ltd. (wholly owned subsidiary of Greatship (India) Ltd.)	Mauritius	100%	100%
8.	Greatship Global Offshore Services Pte Ltd. (wholly owned subsidiary of Greatship Holdings B.V. Netherland)	Singapore	100%	100%
9.	Greatship DOF Subsea Projects Private Ltd.	Mumbai	100%	-

(\*) The voluntary liquidation of Greatship Holdings B.V., Netherland, erstwhile company’s subsidiary was completed on June 29, 2008 and registered with the Chamber of Commerce of Netherlands on July 17, 2008.

#### 4. The associates considered in the financial statements are :

SR. NO.	NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% OF HOLDING	
			CURRENT YEAR	PREVIOUS YEAR
1.	Business Standard Ltd. (upto July 9, 2008)	India	-	27.76%

#### 5. Interest in Joint Venture :

The Group’s interest as a venturer in jointly controlled entity as on March 31, 2009 and its proportionate share in the assets, liabilities, income and expenses of the Joint Venture Company, is as under :

SR. NO.	NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% OF HOLDING	
			CURRENT YEAR	PREVIOUS YEAR
1.	CGU Logistic Ltd.	India	22.50%	22.56%

			RS. IN LAKHS	
			CURRENT YEAR	PREVIOUS YEAR
<b>Assets</b>				
	Fixed Assets		1640	1804
	Inventory		16	-
	Cash and Bank Balances		168	1157
	Other Current Assets		9	-
	Loans and Advances		102	6
	Profit and Loss Account		879	28
	<b>TOTAL</b>		<b>2814</b>	<b>2995</b>
<b>Liabilities</b>				
	Equity Share Capital		697	509
	Share Application Money		416	110
	Secured Loans		1559	1226
	Unsecured Loans		114	-
	Current Liabilities		28	1150
	<b>TOTAL</b>		<b>2814</b>	<b>2995</b>
<b>Income</b>				
	Income from Operations		-	2
	Other Income		3	1
	<b>TOTAL</b>		<b>3</b>	<b>3</b>
<b>Expenditure</b>				
	Operating Expenses		141	13
	Administration and Other Expenses		68	13
	Foreign Exchange Fluctuation Loss		367	-
	Interest & Finance Charges		98	-
	Depreciation		180	-
	Provision For Taxation – Current Tax		2	-
	<b>TOTAL</b>		<b>856</b>	<b>26</b>

The Company's share of each of the assets, liabilities, income & expenses related to its interests in the joint venture is based on the unaudited financial information received from the venturers.

#### 6. Contingent Liabilities:

			RS. IN LAKHS	
SR. NO.	PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
(a)	Guarantees given by banks including performance and bid bonds, counter guaranteed by the group.		33678	52251
(b)	Guarantees given to banks/shipyard on behalf of subsidiaries.		238229	232857
(c)	Sales Tax demands under BST Act for the years 1995-96, 1996-97, 1997-98, 1998-99, 2001-02, against which the Group has preferred appeals.		746	646
(d)	Lease Tax liability in respect of a matter decided against the Group, against which the Group has filed a revision petition in the Madras High Court.		1740	1740
(e)	Possible obligation in respect of matters under arbitration/appeal.		59	59
(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 Group.		434	434
(g)	Uncalled amount on investment in Preferred Units.		1419	2565



## 7. Warrants against Share Capital :

### Holding Company :

GES had on August 09, 2007, allotted 50,05,000 convertible warrants to certain Promoters and Non Executive Directors, pursuant to the resolution passed by the shareholders at their meeting held on July 26, 2007, at a price of Rs. 312.75 per share. Each warrant was convertible into one Equity Share of the face value of Rs. 10/-, at the option of the warrant holders, at any time prior to expiry of 18 months from the date of allotment of the warrants.

Out of the 50,05,000 warrants, 10,000 warrants were converted into Equity Shares. Due to the unfavourable market conditions, which did not justify conversion of warrants, the balance 49,95,000 warrants were not converted. Accordingly the said warrants stood cancelled and the amount of Rs. 1598 lakhs being the amount received upfront from the warrant holders @ Rs. 32/- per warrant stood forfeited, as per the terms of the issue and has been credited to Capital Reserve account.

### Subsidiary Company :

In terms of approval of the shareholders of Greatship (India) Ltd. (GIL) and as per the applicable statutory provisions, the Company, on February 20, 2008, had issued and allotted 42,07,000 warrants out of total 60,27,000 warrants approved by the shareholders, on preferential basis to promoter directors of the holding company 'The Great Eastern Shipping Co. Ltd.' The warrant holders have the option to convert these warrants into equal numbers of equity shares of Rs. 10/- each of the Company, at a price of Rs. 140.40 per equity share. GIL has received an advance of 10% amounting to Rs. 591 lakhs from the warrant holders, balance amount being payable at the time of applying for conversion of warrants into equity shares. The said warrants shall become exercisable not earlier than three months prior from the date on GIL proposes to file a Draft Red Herring Prospectus (DRHP) with SEBI for IPO ("Date") but not later than 30 days from the Date. In the event, GIL fails to file a DRHP by December 21, 2010, the warrant holders will be entitled to exercise their Warrants into shares on any day after that date but not later than March 31, 2011. If the entitlement against the warrants to apply for the Equity Shares is not exercised within 30 days from the Date or by March 31, 2011, as the case may be, the warrants shall expire and any amount paid on such warrants shall forfeited. The funds raised by issue of said equity warrants would be utilised for additional working capital requirements and general corporate purposes.

## 8. Investments :

- (a) Investments in Associates has been accounted for in the consolidated financial statements, under the equity method. The particulars of investments in associates are as under :

	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
Business Standard (upto July 9, 2008)		
Book value of Investments on Acquisition	-	218
Goodwill	-	2184
Cost of Investment	-	2402
Share of Profit/(Loss) in Associates post acquisition	-	(2402)
Share of Profit/(Loss) in Associates for the year	-	-
Carrying Cost	-	-

- (b) The Company has vide Memorandum of undertaking dated March 31, 2009 agreed to disinvest its entire shareholding in CGU Logistics Ltd., a joint venture company. The anticipated loss on sale of the investments of Rs. 444 lakhs has been provided for in the profit & loss account for the year.

## 9. Secured Loans :

- (a) Term loans from banks includes a syndicated loan of USD 53 million from a consortium of banks against security by way of assignment of bank deposit of USD 2.50 million and a financial covenant inter-alia, to maintain unencumbered assets of value not less than 1.25 times the said borrowing.
- (b) The loans are secured by :
- Mortgage of specified immoveable properties and ships.
  - A first assignment of the shipbuilding and engine contracts between the Company and yard.
  - Letter of undertaking from holding company.
  - First assignment of mortgage over the hulls.
  - Assignment of insurances and requisition compensation.
  - Assignment of earnings on default.

As of March 31, 2009, the subsidiary company also has outstanding Letter of credit facility provided to the yard, secured by a corporate guarantee provided by the holding company.

#### 10. Fixed Assets :

- (a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - Rs. 436423 lakhs (Previous Year Rs.442857 lakhs).
- (b) The amount of exchange loss on account of fluctuation of the rupee against foreign currencies and gains/(losses) on hedging contracts (including on cancellation of forward covers), relating to long term monetary items for acquisition of depreciable capital assets and gains/(losses) on forward contracts for hedging capital commitments for acquisition of depreciable assets, added to the carrying amount of fixed assets during the year is Rs. 64903 lakhs. Corresponding gain relating to the previous year deducted from the carrying amount of fixed assets during the year pursuant to the option exercised by the Company vide Ministry of Corporate Affairs notification dated March 31, 2009 is Rs.14588 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.
- (d) The Holding Company has recognised an impairment of Rs.70 crores in respect of one dry bulk carrier during the year in accordance with Accounting Standard (AS) 28 consequent to a sharp fall in the recoverable value of the asset. In the opinion of the management, the book value of this asset, after correcting for the impairment recognized, is aligned closer to the current market price and also broadly reflected the earnings expectations from it.

#### 11. Cash & Bank balances :

Balances with scheduled banks on deposit account include margin deposits of Rs. 201 lakhs (Previous Year 1152 lakhs) placed with the bank, under a lien against guarantees issued by the said bank. Balance with other banks include a deposit of Rs.1268 lakhs (Previous Year Rs. 1003 lakhs) which is under a lien as security against a syndicated loan and cash collateralised towards letter of credit facilities amounting to Rs. 2799 lakhs..

#### 12. Employee Stock Options Plans :

Subsidiary Company :

All the ESOPs are in respect of GIL's shares where each stock option is equivalent to one equity share. The employee stock options are presently operated under five different Employee Stock Options Schemes for the employees of the Group (including employees of holding company and subsidiaries). The fifth scheme, ESOP 2008 – III was instituted pursuant to the approval of the shareholders at their extra ordinary meeting held on January 31, 2008. No grants, till date, have been made under this scheme. During the year under review, GIL has granted 311,900 options.

The details of the various schemes and movements during the year under review are summarized as under :

SR. NO.	PARTICULARS	ESOP 2007	ESOP 2007-II	ESOP 2008-I	ESOP 2008-II
1.	Date of Grant	10/08/07 28/01/08	28/01/08	12/02/08	23/10/08 19/03/09
2.	Date of Board Approval	23/01/07	20/11/07	28/01/08	28/01/08
3.	Date of Shareholders' Approval	27/03/07	21/11/07	31/01/08	31/01/08
4.	Options outstanding at the beginning of the year	609,600	99,700	85,000	–
5.	Options granted during the year	–	–	–	23/10/08 – 64,700 19/03/09 – 247,200
6.	Options cancelled/forfeited during the year	71,700	10,600	25,000	–
7.	Options Exercised during the year	–	–	–	–
8.	Options outstanding at the end of the year	537,900	89,100	60,000	311,900
9.	Exercise Price/Weighted Average Exercise Price	100	100	100	135
10.	Exercise period from the date of vesting	One year from the date of vesting/ listing whichever is later	One year from the date of vesting/ listing whichever is later	One year from the date of vesting/ listing whichever is later	One year from the date of vesting/ listing whichever is later



<b>SR. NO.</b>	<b>PARTICULARS</b>	<b>ESOP 2007</b>	<b>ESOP 2007-II</b>	<b>ESOP 2008-I</b>	<b>ESOP 2008-II</b>
11.	Exercisable at end of the year	—	—	—	—
12.	Method of Settlement	Equity/Cash	Equity	Equity	Equity/Cash
13.	Vesting period from the date of grant	20% equally over a period of five years	One year	One year	20% equally over a period of five years
14.	Vesting conditions	Continued employment with the Company (includes transfer within group companies) and achievement of 80% of the budgeted profits for a year	Continued employment with the holding company 'The Great Eastern Shipping Co. Ltd.' (includes transfer within group companies)	Continued employment with the holding company 'The Great Eastern Shipping Co. Ltd.' (includes transfer within group companies)	Continued employment with the Company (includes transfer within group companies) and achievement of 80% of the budgeted profits for a year

(a) Modification of ESOP Schemes :

- (1) The provisions of ESOP 2007 relating to the exercise of the vested options by settlement in cash prior to listing of the shares of GIL was modified to be settled at a value to be determined at 5 times the EPS as per the latest audited consolidated financial statements of GIL instead of determining the value as per the latest audited financial statements of the Company.
- (2) Under ESOP 2007 and ESOP 2007 – II, vesting conditions relating to continued employment with GIL have been modified to provide for transfer of employment within the group companies.

(b) Fringe Benefit Tax :

Fringe Benefit Tax (FBT) on employee stock options is based on the intrinsic value of the stock options on the vesting date. However, the FBT liability is triggered only if the options are exercised. During the year under review as no options have been exercised there is no FBT liability. The ESOP Schemes also provide for recovery of FBT from the employees.

The employee stock option schemes have been accounted based on the intrinsic value method. The compensation expense amount which is the difference between exercise price of the option and the intrinsic value of shares is NIL in case of options granted during the year under review. In case of options granted during the earlier financial year, the compensation expense amortised in year under review is Rs. 114 lakhs.

Had the compensation cost for the stock options granted during this year under ESOP 2008-II been recognised, basis fair value method, the compensation expense to be amortised would be Rs. 7 lakhs.

**13. Deferred tax :**

Pursuant to the introduction of Sec. 115VA under the Income Tax Act, 1961, the Group has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus income from the business of operating ships is assessed on the basis of the deemed Tonnage Income of the Group and no deferred tax is applicable to such income as there are no timing differences. The timing difference in respect of the non-tonnage activities of the Group are not material, in view of which provision for deferred taxation is not considered necessary.

**14. Provisions :**

The Group has recognised the following provisions in its accounts in respect of obligations arising from past events, the settlement of which is expected to result in an outflow embodying economic benefits.

DESCRIPTION	RS. IN LAKHS			
	BALANCE AS ON APRIL 1, 2008	ADDITIONS DURING THE YEAR	REVERSED/ PAID DURING THE YEAR	BALANCE AS ON MARCH 31, 2009
<b>Manning dues and related contributions to welfare funds :</b>	-	251	-	251
Provisions have been recognized for payment of arrears of wages to officers in anticipation of wage agreements.				

RS. IN LAKHS				
DESCRIPTION	BALANCE AS ON APRIL 1, 2008	ADDITIONS DURING THE YEAR	REVERSED/ PAID DURING THE YEAR	BALANCE AS ON MARCH 31, 2009
<b>Vessel Performance/Offhire Claims :</b> Provisions have been recognised for the estimated liability for under performance of certain vessels and offhire claims under dispute.	1625	577	325	1877
<b>Provision for loss on onerous contracts :</b> Provision for loss on onerous incharter hire contracts has been recognised for losses established on a prudent basis in respect of unavoidable vessel charter hire contract entered into by a group company for future periods over the estimated future earnings from operations of the related vessels arising from severe decline in the charter hire charges in the international freight market, which in the opinion of the management are of non-temporary nature.	-	9979	-	9979

#### 15. Change in Accounting Policy :

The Ministry of Corporate Affairs vide notification dated March 31, 2009 issued the Companies (Accounting Standards) Amendment Rules, 2009, inserting paragraph 46 in Accounting Standard (AS) 11 "The Effect of Changes in Foreign Exchange Rates". Pursuant thereto, the group has exercised the option available under the said paragraph 46 retrospectively with effect from April 1, 2007 in respect of all long-term foreign currency monetary items covered under the notification. Accordingly, losses arising from the effect of changes in the foreign exchange rates on repayment of loans and revaluation of the outstanding foreign currency loans including currency swaps relating to acquisition of depreciable capital assets amounting to Rs. 63267 lakhs for the year ended March 31, 2009 are added to the cost of such assets and in case of other long-term monetary assets and liabilities, gains of Rs. 63 lakhs have been accumulated in the "Foreign Currency Monetary Item Translation Difference Account". The corresponding foreign exchange gains of Rs. 13442 lakhs (net of depreciation of Rs. 1062 lakhs) for the year ended March 31, 2008 on monetary items relating to acquisition of depreciable capital assets have been reversed from the General Reserve and deducted from the cost of such assets.

In the previous year, the effects of changes in foreign exchange rates on repayment of loans and revaluation of the outstanding foreign currency loans including currency swaps relating to acquisition of depreciable capital assets were accounted in the Profit and Loss account.

During the year, the group has with effect from April 1, 2008 adopted the principles enunciated in Accounting Standard (AS) 30, "Financial Instruments : Recognition and Measurement" in respect of hedge accounting and recognition and measurement of derivatives, in accordance with the recommendation of the Institute of Chartered Accountants of India. Accordingly, forward exchange contracts entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions, forward rate options, interest rate swaps and commodity future contracts which have been designated as part of the hedging relationship and which qualify as effective hedges have been accounted in accordance with the principles of hedge accounting and the gains or losses on such designated hedging instruments amounting to Rs. 42573 lakhs is recorded in the Hedging Reserve Account. In the previous year, exchange differences in respect of foreign currency derivative contracts including forward exchange contracts entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions, forward rate options, interest rate swaps were accounted for on settlement along with the cash flow from the hedged transaction/commitment. There is no impact on the profit and loss account for the year consequent to the change.

Further, in accordance with the principles of hedge accounting, cancellation loss of Rs. 511 lakhs has been debited to Hedging Reserve Account until maturity of the underlying and losses amounting to Rs. 811 lakhs have been transferred during the year from the Hedging Reserve Account to the cost of hedged assets upon acquisition. In the previous year such gain and losses were accounted in the statement of profit and loss on cancellation. Consequently the profit for the year is higher to that extent.

The Hedging Reserve Account as at March 31, 2009 has a net debit balance of Rs. 43083 lakhs.

Consequent to the change in the aforesaid accounting policies, fixed assets as at March 31, 2009 are higher by Rs. 49761 lakhs, current liabilities are higher by Rs. 42882 lakhs, depreciation for the year is higher by Rs. 2617 lakhs, the profit for the year is higher by Rs. 62888 lakhs and the Reserves as at March 31, 2009 are higher by Rs. 6362 lakhs.



**16. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) “Employee Benefits” :**

**A) Defined Contribution Plans :**

The Company has recognised the following amounts in the Profit and Loss Account for the year :

	<b>RS. IN LAKHS</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Contribution to Employees Provident Fund	<b>277</b>	196
Contribution to Employees Superannuation Fund	<b>257</b>	159
Contribution to Employees Pension Scheme 1995	<b>25</b>	24
Contribution to Seamen’s Provident Fund	<b>53</b>	55
Contribution to Seamen’s Annuity Fund	<b>80</b>	76
Contribution to Seamen’s Rehabilitation Fund	<b>66</b>	51
Contribution to Seamen’s Gratuity Fund	<b>18</b>	19

**B) Defined Benefit Plans and Other Long Term Benefits :**

Valuations in respect of Gratuity, Pension Plan for Whole-time Directors and Leave Encashment have been carried out by an independent actuary, as at the Balance Sheet date on Projected Unit Credit method, based on the following assumptions :

<b>ACTUARIAL ASSUMPTIONS FOR THE YEAR</b>	<b>GRATUITY</b>		<b>PENSION PLAN</b>		<b>LEAVE ENCASHMENT</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a) Discount Rate (p.a.)	<b>6.00%</b>	7.50%	<b>6.00%</b>	7.50%	<b>6.00%</b>	7.50%
(b) Rate of Return on Plan Assets	<b>6.00%</b>	7.50%	-	-	-	-
(c) Salary Escalation rate	<b>4.00%</b>	5.00%	-	-	<b>4.00%</b>	5.00%
(d) Mortality	<b>LIC– Ultimate 94-96</b>	LIC– Ultimate 94-96	<b>LIC– Ultimate 94-96</b>	LIC– Ultimate 94-96	<b>LIC– Ultimate 94-96</b>	LIC– Ultimate 94-96
(e) Withdrawal rate	<b>0.50%</b>	0.50%	-	-	<b>0.50%</b>	0.50%
(f) Expected average remaining service	<b>18.23</b>	17.05	-	-	<b>15.10</b>	16.82

**(i) Change in Benefit Obligation :**

	<b>RS. IN LAKHS</b>					
	<b>GRATUITY</b>		<b>PENSION PLAN</b>		<b>LEAVE ENCASHMENT</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Liability at the beginning of the year	<b>1086</b>	1028	<b>1260</b>	1298	<b>206</b>	190
Interest Cost	<b>77</b>	69	<b>94</b>	90	<b>12</b>	12
Current Service Cost	<b>164</b>	127	-	-	<b>101</b>	111
Benefits Paid	<b>(56)</b>	(86)	<b>(20)</b>	(20)	<b>(5)</b>	(34)
Actuarial (gain)/loss on obligations	<b>234</b>	(49)	<b>726</b>	(108)	<b>(44)</b>	(71)
Liability at the end of the year	<b>1505</b>	1086	<b>2060</b>	1260	<b>270</b>	206

**(ii) Fair value of Plan Assets :**

	<b>RS. IN LAKHS</b>					
	<b>GRATUITY</b>		<b>PENSION PLAN</b>		<b>LEAVE ENCASHMENT</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Fair Value of Plan Assets at the beginning of the year	<b>984</b>	1016	-	-	-	-
Expected Return on Plan Assets	<b>63</b>	73	-	-	-	-
Employer’s Contribution	-	-	<b>20</b>	20	<b>4</b>	35
Benefits Paid	<b>(56)</b>	(86)	<b>(20)</b>	(20)	<b>(4)</b>	(35)
Actuarial gain/(loss) on Plan Assets	<b>53</b>	(19)	-	-	-	-
Fair Value of Plan Assets at the end of the year	<b>1044</b>	984	-	-	-	-



**(iii) Actual Return on Plan Assets :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Expected Return on Plan Assets	63	73	-	-	-	-
Actual gain/(loss) on Plan Assets	53	(19)	-	-	-	-
Actual Return on Plan Assets	116	54	-	-	-	-

**(iv) Amount Recognised in the Balance Sheet :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Liability at the end of the year	1505	1086	2060	1260	270	206
Fair Value of Plan Assets at the end of the year	1044	984	-	-	-	-
Difference	461	102	2060	1260	270	206
Unrecognised past service cost	-	-	-	-	-	-
Amount recognised in the Balance Sheet	461	102	2060	1260	270	206

**(v) Expenses recognised in the Profit & Loss Account :****RS. IN LAKHS**

	GRATUITY		PENSION PLAN		LEAVE ENCASHMENT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current Service Cost	164	127	-	-	101	106
Interest Cost	77	69	94	90	12	12
Actual Return on Plan Assets	(63)	(73)	-	-	-	-
Net Actuarial (Gain)/loss to be recognised	264	(30)	726	(108)	(40)	(70)
Expenses recognised in Profit and Loss Account	442	93	820	(18)	73	48

**(vi) Basis used to determine expected rate of return on assets :**

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.

**(vii) General description of significant defined plans :****Gratuity Plan :**

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary.

**Pension Plan:**

Under the Company's Pension Scheme for the wholetime Directors as approved by the Shareholders, all the wholetime Directors are entitled to the benefits of the scheme only after attaining the age of 62 years, except for retirement due to Physical disability, in which case, the benefits shall start on his retirement. The benefits are in the form of monthly pension @ 50% of his last drawn monthly salary subject to maximum of Rs.75 lakhs p.a. during his lifetime. If he predeceases the spouse, she will be paid monthly pension @ 50% of his last drawn pension during her lifetime. Benefit also include reimbursement of medical expense for self and spouse, overseas medical treatment upto Rs. 50 lakhs per illness, office space including telephone in the Company's office premises and use of Company's car including reimbursement of driver's salary and other related expenses during his lifetime.

**Leave Encashment :**

Eligible employees can carry forward and encash leave upto superannuation, death, permanent disablement and resignation subject to maximum accumulation allowed at 15 days for employees on CTC basis and at 300 days for other employees. The Leave over and above 15 days for CTC employees and over 300 days for others is encashed and paid to employees as per the balance as on June 30 every year. Benefit would be paid at the time of separation based on the last drawn basic salary.





**(viii) Broad Category of Plan Assets relating to Gratuity as a percentage of total Plan Assets:**

	<b>CURRENT YEAR %</b>	<b>PREVIOUS YEAR %</b>
Government of India securities	<b>9%</b>	19%
State Government securities	<b>5%</b>	13%
Bonds	<b>21%</b>	36%
Special Deposit Scheme, 1975	-	32%
HDFC Defence Fund	<b>65%</b>	-
<b>TOTAL</b>	<b>100%</b>	100%

**17. Hedging Contracts :**

The Group uses foreign exchange forward contracts, currency & interest rate swaps and options to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts, currency & interest rate swaps and options reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts, currency & interest rate swaps and options for trading or speculation purposes.

The Group also uses commodity futures contracts for hedging the exposure to bunker price risk.

**1. Derivative instruments outstanding :****i) Cash Flow Hedges :****(a) Commodity futures contracts for import of Bunker :**

	<b>CURRENT YEAR</b>		<b>PREVIOUS YEAR</b>	
<b>DETAILS</b>	<b>PURCHASE</b>	<b>SALE</b>	<b>PURCHASE</b>	<b>SALE</b>
Total No. of contracts outstanding	<b>5</b>	-	5	-
No. of units in MT under above contracts	<b>8000</b>	-	13500	-
Amount recognised in Hedging Reserve (loss)/gain (Rs. in lakhs)	<b>(1242)</b>	-	-	-
Maturity Period	<b>Upto 6 Months</b>	-	Upto 6 Months	-

**(b) Forward exchange contracts :**

	<b>CURRENT YEAR</b>		<b>PREVIOUS YEAR</b>	
<b>DETAILS</b>	<b>PURCHASE</b>	<b>SALE</b>	<b>PURCHASE</b>	<b>SALE</b>
Total No. of contracts	<b>12</b>	<b>11</b>	7	18
Foreign Currency Value (USD in million)	<b>89.13</b>	<b>13.000</b>	55.018	31.390
Amount recognised in Hedging Reserve (loss)/gain (Rs. in lakhs)	<b>(4970)</b>	<b>(688)</b>	-	-
Maturity Period	<b>Upto 8 Months</b>	<b>Upto 1 Year</b>	Upto 2 Months	Upto 1 Year

**(c) Forward Exchange Option contracts :**

	<b>CURRENT YEAR</b>		<b>PREVIOUS YEAR</b>	
<b>DETAILS</b>	<b>PURCHASE</b>	<b>SALE</b>	<b>PURCHASE</b>	<b>SALE</b>
Total No. of contracts	-	<b>4</b>	1	14
Foreign Currency Value (USD in million)	-	<b>207.000</b>	0.995	294.100
Amount recognised in Hedging Reserve (loss)/gain (Rs. in lakhs)	-	<b>(23144)</b>	-	-
Maturity Period	-	<b>Upto 3 Years</b>	-	Upto 4 Years

**(d) Interest rate swap contracts :**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Total No. of contracts	<b>19</b>	27
Principal Notional Amount US Dollar (million)	<b>256.670</b>	260.905
Amount recognised in Hedging Reserve (loss)/gain (Rs. in lakhs)	<b>(7026)</b>	-
Maturity Period	<b>Upto 6 Years</b>	Upto 7 Years

**(e) Interest portion of Currency Swap Contract :**

	CURRENCY	CURRENT YEAR	PREVIOUS YEAR
Total No. of contracts		14	14
Principal Notional Amount (USD in million)	USD/INR	110.223	41.490
Principal Notional Amount (Rs. crores)	INR/USD	-	12.500
Principal Notional Amount (JPY million)	JPY/USD	21425.220	25071.430
Amount recognised in Hedging Reserve on account of currency interest swap (loss)/gain (Rs. in lakh)		(6013)	-
Maturity Period		Upto 8 Years	Upto 9 Years

**ii) (a) Forward exchange contracts :**

	CURRENT YEAR		PREVIOUS YEAR	
DETAILS	PURCHASE	SALE	PURCHASE	SALE
Total No. of contracts	6	-	1	45
Foreign Currency Value (USD in million)	10.000	-	3.000	82.000
Maturity Period	Upto 8 Months	-	Upto 2 Months	Upto 1 Year

**(b) Currency Swap Contract :**

	CURRENCY	CURRENT YEAR	PREVIOUS YEAR
Total No. of contracts		14	14
Principal Notional Amount (USD in million)	USD/INR	110.223	41.490
Principal Notional Amount (Rs. crores)	INR/USD	-	12.500
Principal Notional Amount (JPY million)	JPY/USD	21425.220	25071.430

**2. Un-hedged foreign currency exposures as on March 31 :**

	RS. IN MILLIONS		
	CURRENCY	CURRENT YEAR	PREVIOUS YEAR
Loan liabilities and payables	AED	1.970	1.211
	AUD	0.177	0.084
	BHD	0.001	-
	CAD	0.038	0.089
	CHF	0.014	-
	DKK	1.786	0.817
	EUR	1.720	1.519
	GBP	0.788	0.027
	HKD	0.051	-
	JPY	127.591	45.507
	KRW	0.003	-
	NOK	0.550	0.189
	NZD	-	0.019
	SAR	0.237	-
	SEK	0.139	-
	SGD	2.592	1.001
	TWD	0.487	-
	USD	574.394	637.860
	ZAR	0.263	0.796



RS. IN MILLIONS			
	CURRENCY	CURRENT YEAR	PREVIOUS YEAR
Receivable	AED	0.082	0.010
	AUD	0.116	0.086
	CAD	0.002	0.073
	DKK	0.238	0.051
	EUR	1.088	1.272
	GBP	0.396	0.006
	JPY	1.330	-
	NOK	0.016	0.040
	SAR	0.054	-
	SEK	-	0.004
	SGD	0.508	0.053
	TWD	0.243	-
	USD	24.544	12.560
	ZAR	0.147	0.542
Bank balances	AED	0.008	0.293
	DKK	0.011	-
	EUR	6.841	0.343
	GBP	1.597	0.105
	NOK	0.068	-
	SGD	2.265	-
	USD	291.452	3.510

3. The above mentioned derivative contracts having been entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions and the interest rate risk, have been designated as hedge instruments that qualify as effective cash flow hedges. The mark-to-market loss/(gain) on the foreign exchange derivative contracts outstanding as on March 31, 2009 amounting to Loss of Rs. 43083 lakhs has been recorded in the Hedging Reserve Account as on March 31, 2009. The corresponding mark-to-market loss of Rs. 4516 lakhs in the previous year was recognised on settlement.

## 18. Segment Reporting :

- 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
<b>Revenue :</b>								
Total Revenue	403693	365723	30224	10573	(364)	3	433553	376299
Less : Inter Segment Revenue	1667	17	-	-	(2402)	-	(735)	17
Net Revenue							434288	376282
<b>Results :</b>								
Profit/(Loss) before tax and interest	154984	160843	7500	5430	1293	(23)	163777	166250
Less : Interest							18468	16163
Total Profit before tax							145309	150087
Provision for taxation :								
- Current tax							4393	4606
- Fringe Benefit tax							146	130

RS. IN LAKHS								
	SHIPPING		OFFSHORE		OTHERS		TOTAL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Profit for the year after tax :							140770	145351
Add/(Less) : Prior period adjustments							1013	(16)
Share in profit/(loss) of Associates							-	-
Net Profit							141783	145335
Other Information :								
Assets	793005	659761	264624	95011	1935	2966	1059564	757738
Liabilities	398309	296017	136343	26181	1701	2375	536353	324573
Capital Expenditure	122097	154452	148421	62141	16	1401	270534	217994
Depreciation	34866	34106	3348	1402	181	-	38395	35508

b) Secondary segment reporting by geographical segment :

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

RS. IN LAKHS		
	CURRENT YEAR	PREVIOUS YEAR
Revenue from customers outside India	327496	218943
Revenue from customers within India	106792	157339
<b>TOTAL</b>	<b>434288</b>	<b>376282</b>

(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.

## 19. Related Party Disclosures :

(I) List of Related Parties

Related parties with whom transactions have taken place during the year

a) Key Management Personnel :

Mr. K. M. Sheth - Executive Chairman  
Mr. Bharat K. Sheth - Deputy Chairman and Managing Director  
Mr. Ravi K. Sheth - Executive Director

b) Enterprises over which Key Management Personnel exercise significant influence

- Great Offshore Limited (upto September 18, 2007)  
- Jyoti Bharat Sheth Family Trust

(II) Transactions with related parties :

RS. IN LAKHS						
NATURE OF TRANSACTION	ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL EXERCISE SIGNIFICANT INFLUENCE		KEY MANAGEMENT PERSONNEL		TOTAL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Reimbursement of expenses	-	31	-	-	-	31
Interest income	-	7	-	-	-	7
Financial Received Warrants Application Money	-	-	-	1440	-	1440
Sale of assets	-	1456	-	-	-	1456
Finance received (including loans, and repayment of loans and applications against share warrants)	-	1914	-	2031	-	3945



NATURE OF TRANSACTION	RS. IN LAKHS					
	ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL EXERCISE SIGNIFICANT INFLUENCE		KEY MANAGEMENT PERSONNEL		TOTAL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Finance provided</b> (including loans and equity contributions)	-	1873	-	-	-	1873
<b>Remuneration</b> - Shri K. M. Sheth Rs. 683 lakhs - Shri B. K. Sheth Rs. 912 lakhs - Shri R. K. Sheth Rs. 567 lakhs	-	-	<b>2162</b>	1909	<b>2162</b>	1909

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

## 20. Leases :

### Finance Leases :

The obligations in respect of vessel taken under a finance lease arrangement for a period of eight years are as under :

	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
Due within one year	<b>2270</b>	-
Due in two to five years	<b>8017</b>	-
Due after five years	<b>4854</b>	-
	<b>15141</b>	-
Finance charge allocated to future periods	<b>(5790)</b>	-
Representing finance lease liabilities :	<b>9351</b>	-

The finance leases bear interest at flat rate of 9.47% per annum (Previous Year : Nil). The group's obligation under finance lease is secured by irrevocable and unconditional bareboat charter guarantee from the Bareboat Charter Guarantor.

### Deferred Gain :

	RS. IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
Deferred gain	<b>226</b>	-
Transfer to income statement	<b>(3)</b>	-
	<b>223</b>	-

During the year, the group entered into a lease agreement whereby the Company sold and leased back a offshore supply vessel with net book value of Rs. 9406 lakhs. The gain arising from this sale and leaseback transaction is deferred and amortised over the lease period of 8 years commencing from 18 February, 2009. Group company viz. Greatship (India) Limited has guaranteed the repayment of these future lease obligations, and accordingly has become the primary obligor under the lease agreement.

### Operating Lease :

The group has taken a Rig on operating lease for 3 years and premises on leave & license basis which is similar in substance to an operating lease. The leases have varying terms and renewal rights. The particulars of the leasing arrangements are as under :

a) Future Aggregate Minimum Lease payments -

**- Due within one year**

Premises	Rs. 439 lakhs
Rig	Rs. 17161 lakhs

**- Due in two to five years**

Premises	Rs. 935 lakhs
Rig	Rs. 33335 lakhs

**- Due after five year**

Rs. Nil

b) Lease payments recognised in the statement of Profit and Loss Account for the year is Rs. 1350 lakhs (Previous Year Rs. 190 lakhs).

**21. Basic and diluted earnings per share :**

	<b>RS. IN LAKHS</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a) Profit for the year after tax	<b>140770</b>	145351
Add/(Less) : Extraordinary items and prior period adjustments	<b>1013</b>	(16)
Net Profit after tax for Equity Shareholders	<b>141783</b>	145335
(b) Number of Equity shares		
(i) Basic Earning per Share		
Number of Equity shares as on April 1, 2008	<b>15,22,73,924</b>	15,22,73,924
Add : Shares allotted from abeyance quota	<b>5,760</b>	-
Shares issued during the year	<b>10,000</b>	-
Number of Equity shares as on March 31, 2009	<b>15,22,89,684</b>	15,22,73,924
Weighted average number of Equity shares	<b>15,22,82,319</b>	15,22,73,924
(ii) Diluted Earning per Share :		
Weighted number of Equity shares	<b>15,22,82,319</b>	15,22,73,924
Add : Potential Equity Shares on exercise of options and Rights kept in abeyance	<b>3,11,743</b>	12,61,369
Weighted average number of Equity shares	<b>15,25,94,062</b>	15,35,35,293
(c) Face value of Equity Share	<b>Rs. 10</b>	Rs. 10
(d) Earnings per share		
- Basic	<b>Rs.93.11</b>	Rs. 95.45
- Diluted	<b>Rs.92.92</b>	Rs. 94.66

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



## Statement pursuant to Section 212 of the Companies Act, 1956

Name of Subsidiary	The Great Eastern Shipping Co. London Ltd.	The Greatship (Singapore) Pte. Ltd.	The Great Eastern Chartering LLC (FZC)	Greatship (India) Limited	Greatship Holdings B.V.@	Greatship Global Holdings Ltd.*	Greatship Offshore Services Pte. Ltd.\$	Greatship Global Energy Services Pte. Ltd.**	Greatship DOF Subsea Projects Pvt. Ltd.#
Financial Year ended	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	June 29, 2008	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
Date from which it became a Subsidiary	July 3, 1985	March 28, 1994	November 1, 2004	June 26, 2002	November 22, 2006	May 30, 2007	May 8, 2007	October 23, 2006	November 10, 2008
Extent of interest of the Holding Company in the Capital of the Subsidiary	100%	100%	100%	100%	100%	100%	100%	100%	100%
Net aggregate amount of the Subsidiary's profits less losses not dealt with in the Holding Company's Accounts									
(i) Current Year	Rs.(23,92,39,056)	Rs.15,96,003	Rs.1,44,62,510	Rs.50,62,53,505	Rs. (47,81,417)	Rs. (16,65,268)	Rs. (17,12,497)	Rs. (59,49,150)	–
(ii) Previous Year since it became Subsidiary	Rs.35,70,86,682	Rs.3,17,93,792	Rs.1,11,41,11,970	Rs.37,10,83,403	Rs. (6,77,18,805)	Rs. (25,31,302)	Rs. (30,82,109)	Rs. (1,51,62,614)	–
Net aggregate amount of the Subsidiary's profits less losses dealt with in the Holding Company's Accounts									
(i) Current Year	–	–	–	–	–	–	–	–	–
(ii) Previous Year since it became Subsidiary	–	–	–	–	–	–	–	–	–
* Greatship Global Holdings Ltd. is a wholly owned subsidiary of Greatship (India) Limited, which in turn, is a wholly owned subsidiary of the Company.									
\$ Greatship Global Offshore Services Pte. Ltd. is a wholly owned subsidiary of Greatship Global Holdings Ltd.									
** The entire share capital of Greatship Global Energy Services Pte. Ltd. is held by Greatship (India) Limited and Greatship Global Holdings Ltd.									
@ Greatship Holdings B.V., which was a wholly owned subsidiary of Greatship (India) Limited, was voluntarily liquidated with effect from June 29, 2008.									
# Greatship DOF Subsea Projects Pvt. Ltd. is a wholly owned subsidiary of Greatship (India) Limited. Its first financial year will end on March 31, 2010.									
For and on behalf of the Board									
K. M. Sheth	Executive Chairman		Jayesh M. Trivedi						
Bharat K. Sheth	Deputy Chairman & Managing Director		Company Secretary						
R. N. Sethna	Director								
Mumbai, May 08, 2009									

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

RS. IN LAKHS

Name of Subsidiary	The Great Eastern Shipping Co. London Ltd.	The Greatship (Singapore) Pte. Ltd.	The Great Eastern Chartering LLC (FZC)	Greatship (India) Limited	Greatship Holdings B.V.	Greatship Global Holdings Ltd.	Greatship Global Offshore Services Pte. Ltd.	Greatship Global Energy Services Pte. Ltd.	Greatship DOF Subsea Projects Pvt. Ltd.
Capital	132	131	21	17410	–	72581	47707	33964	1
Reserves	1722	379	11313	96959	–	(50)	(510)	(604)	–
Total Assets	1870	544	23694	189955	–	72541	79806	77558	1
Total Liabilities	1870	544	23694	189955	–	72541	79806	77558	1
Investments (excluding investment in subsidiaries)	661	–	–	16395	–	–	–	–	–
Turnover	1204	442	66231	25148	1	–	6773	962	–
Profit/(Loss) before taxation	(2378)	19	145	5084	(48)	(17)	(17)	(60)	–
Provision for taxation	14	3	–	21	–	–	–	–	–
Profit/(Loss) after taxation	(2392)	16	145	5063	(48)	17	17	(60)	–
Proposed dividend	–	–	–	–	–	–	–	–	–





## ATTENDANCE SLIP

### The Great Eastern Shipping Company Limited

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

Please fill the attendance slip and hand it over at the entrance of the meeting hall.

Joint shareholders may obtain additional slip on request

DP. ID\*

Registered Folio No.

Client ID\*

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the 61st Annual General Meeting of the Company held on Friday, June 26, 2009 at 3.00 p.m. at Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020.

Signature of the shareholder or proxy \_\_\_\_\_

\*Applicable for investors holding shares in electronic form.



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## PROXY FORM

### The Great Eastern Shipping Company Limited

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

DP. ID\*

Registered Folio No.

Client ID\*

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member/members of The Great Eastern Shipping Co. Ltd. hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ or failing him

\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us

and on my/our behalf at the 61st Annual General Meeting to be held on Friday, June 26, 2009 at 3.00 p.m. or at any adjournments thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Place: \_\_\_\_\_

Affix  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic form.

Note : This form, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting. The proxy need not be a member of the Company.





