

53RD ANNUAL REPORT 2000-2001

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The Great Eastern Shipping Co. Ltd.

1999-2000

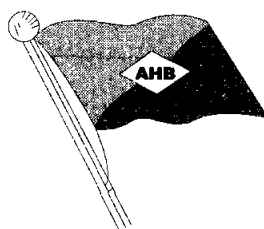
In million except for Earnings & Cash earnings per share

	March 31, 2001		March 31, 2000	
	Rs.	US\$	Rs.	US\$
For the year				
Total Revenue	10,813	236	9,945	229
Operating Profit (PBITD)	4,740	103	3,684	85
Profit after tax (PAT)	1,774	39	1,105	25
PBITD as a percentage of total Revenue	43.83	43.83	37.05	37.05
Earnings per share	8.02	0.17	4.27	0.10
Cash earnings per share	17.24	0.38	11.27	0.26
Dividend amount	687	15	431	10
(Including tax on equity and preference dividend)				
Capital investment	1,491	32	2,420	56
At the end of the year				
Total assets	22,665	486	23,719	544
Fixed assets	16,154	346	16,804	385
Total debt	8,264	177	10,054	231
Net worth	10,705	230	11,070	254
Equity capital	2,178	47	2,588	59
Preference capital	950	20	—	—

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

	Rs./US\$	
Exchange Rate	2000-2001	1999-2000
— Closing	46.64	43.61
— Average	45.91	43.48

THE GREAT EASTERN SHIPPING COMPANY LTD.



BOARD OF DIRECTORS

Executive Chairman	K.M. Sheth
Executive Deputy Chairman	S.J. Mulji
Managing Directors	Vijay K. Sheth Bharat K. Sheth
Directors	R.N. Sethna K.P. Byramjee A.K. Parikh Asha V. Sheth Manu Shroff T.N. Pandey M.J. Subbaiah

Company Secretary P.R. Naware

Auditors Kalyaniwalla & Mistry
Chandabhoy & Jassoobhoy

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

Offshore Division

Energy House,
81, D.N. Road,
Mumbai - 400 001.

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NOTICE

NOTICE is hereby given that the Fifty-third Annual General Meeting of THE GREAT EASTERN SHIPPING CO. LTD. will be held at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai-400 018 on Thursday, July 26, 2001 at 3:00 P.M. (I.S.T.) to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2001 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To declare Dividend on equity shares and note the payment of Interim Dividend on Preference shares.
3. To appoint a Director in place of Mr. K.P. Byramjee who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.K. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vijay K. Sheth who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint auditors and fix their remuneration.
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. T.N. Pandey who was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on May 03, 2001 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. T.N. Pandey as a candidate for the Office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions contained in Articles of Association of the Company and Section 77A, 77B and all other applicable provisions, if any, of the Companies Act 1956 (the Act) and the provisions of Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ("Buyback Regulations") (including any statutory modification(s) or re-enactment of the Act or Buy-back Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to purchase its own fully paid up equity shares of Rs.10 each for an aggregate amount not exceeding Rs.1,000 Million, at a price not exceeding Rs.42 per share (hereinafter referred to as "Buyback").

RESOLVED FURTHER THAT the Company may implement the Buyback in one or more tranche/tranches, from out of its free reserves and/or securities premium account and that the Buyback may be made through the methodology of open market purchases through the Stock Exchanges as may be prescribed by the Act and the Buyback Regulations and in such manner as may be prescribed by the Act and the Buyback Regulations, and on such terms and conditions as the Board in its absolute discretion may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the terms of the Buyback including the specific price for buyback of the equity shares of the Company within the maximum price not exceeding Rs.42 per share, the actual amount to be utilised towards the buyback within the aggregate amount of Rs. 1,000 Million, the number of equity shares to be bought back, the time frame for such buyback within the statutory validity period of this resolution, and to complete the modalities for the closure of the Buyback.

RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer, or any obligations on the part of the Company or the Board to buyback, any shares, and/or impair any power of the Company or the Board to terminate any process in relation to buyback, if so permissible by them.

RESOLVED FURTHER THAT the buyback of shares from Non Resident Shareholders, shareholders of foreign nationality etc. shall be subject to such approvals as required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary expedient usual or proper including the appointment of Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representative, incidental to the implementation of the scheme of Buyback as also to prefer all applications to the appropriate authorities, parties and

the institutions for their requisite approvals as also to take all necessary actions for preparation and issue of public announcement and filing of public announcement with SEBI/Stock Exchange(s), filing of declaration of solvency certificate and filing of certificate for extinguishment and physical destruction of share certificates, for all other documents required to be filed in connection with the Buyback and to settle all such questions or difficulties whatsoever which may arise in the Buyback and take all such steps and decisions in this regard."

By Order of the Board of Directors

JAYESH M. TRIVEDI
General Manager (Sec & Legal) &
Deputy Company Secretary.

Mumbai, June 14, 2001

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 for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 14, 2001 to Thursday, July 26, 2001 (both days inclusive).
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto 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. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Office of the Registrar of Companies, Central Government Office Building, 'A' Wing, 2nd Floor, Next to Reserve Bank of India, CBD Belapur - 400 614.
5. The dividend declared at the Meeting will be made payable on or after July 30, 2001 in respect of shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company on or before the end of business hours on July 14, 2001 and in respect of shares held in the electronic form to those "Beneficial Owners" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services (India) Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as at the end of the business hours on July 13, 2001.
6. Consequent to the amendment w.e.f. 31st October, 1998 to sub-section (5) of Section 205A vide Companies (Amendment) Act, 1999 the final dividend for the year ended 31st March, 1995 will be transferred to the Investor Education and Protection Fund on or before November 07, 2002.
7. The Companies (passing of the resolution by postal ballot), Rules 2001 came into force on May 10, 2001. Buyback of the Company's equity shares is one of the businesses specified under rule 4 of the said rules. However, Section 192A of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 has not been notified till date. In the event of this section coming into force at any time after June 14, 2001 and prior to the July 26, 2001 the Company will act in regard to Item No. 8 of this notice in such manner as it is advised.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business as per Items No. 7 & 8 hereinabove, is annexed hereto.
9. **Notes on Directors seeking appointment/reappointment as required under Clause 49 (VI)(A) of the listing agreement entered into with the Stock exchanges:-**

(a) Mr. K.P. Byramjee

Mr. K.P. Byramjee is a qualified Chartered Accountant from England and Wales. He owns a successful stevedoring business in the country.

He is also a member of the Board of Trustees of the Mumbai Port Trust.

Apart from his varied business interests, he is greatly concerned with community affairs and devotes a considerable part of his time to charitable activities like the B.D. Petit Hospital, the Fort Gratutious Dispensary, Sir. Jamsetjee Jejeebhoy Charity Fund and the Childline India Foundation.

He is a Director on the Board of the following Public Limited Companies:

Atlas Orchards Ltd.
Bombay Stevedores Association Ltd.
Centrum Finance Ltd.
Chennai Container Terminal Ltd.
Jakari Port Management Ltd.
Jolly Board Ltd.
Nhava Sheva International Container Terminals Ltd.
Praj Industries Ltd.
Shri Santram Finance Ltd.
Zoroastrian Co-op. Bank Ltd.

(b) Mr. A. K. Parikh

Mr. A.K. Parikh is a commerce graduate from the University of Bombay, B.A. (Hons) in Economics from the University of Cambridge, U.K. and Barrister at Law at Lincon's Inn, London. He was with Burmah-Shell Oil Storage & Distributing Company of India Limited for 26 years since 1949 and thereafter with the Royal Dutch/Shell Group of Companies as their Resident Director in India for 13 years till 1988. He was Director on the Boards of Refineries, Textiles and Engineering Companies in India.

He has extensive experience in Marketing, Supply & Distribution and Human Resource Development Functions of the Petroleum Oil Industry, having held Board level appointments, and also detailed knowledge of the movement of Crude Oil and Petroleum Products.

Presently, he is a Director on the Board of the Dolphin Offshore Enterprises Company Limited.

(c) Mr. Vijay K. Sheth

Mr. Vijay K. Sheth is a commerce graduate from the University of Bombay. After graduation he received training for about 15 months with Brovigs, Viking Shipping Co. A.S., Frenley & Egers Chartering Co. Ltd. and with American Express International Banking Corporation, London. He joined The Great Eastern Shipping Co. Ltd. in February 1977. He then joined the Asian Institute of Management (Harvard affiliated) at Manila and obtained a degree of Master of Business Management (MBM).

He was appointed as an additional director of the Company with effect from July 01, 1989 and also appointed as Executive Director of the Company on that date.

He was later appointed as the Managing Director of the Company with effect from April 01, 1999 and entrusted with substantial powers of management in relation to the Offshore Division of the Company comprising of Marine Logistics and Oil & Gas Departments. He has been recently appointed as the Member on the Managing Committee of International Support Vessel Owner's Association, London.

He is a Director on the Board of the following Public Limited Companies:-

Bombay Sugar Market Ltd.
The Great Eastern Shipping Co. London Ltd.
The Great Eastern (Fujairah) L.L.C. - FZC

ANNEXURE TO NOTICE

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

Item No. 7 (Ordinary Resolution)

Mr. T.N. Pandey was the Director nominated by ICICI on the Board of the Company. He ceased to be their nominee Director with effect from May 04, 2001 and was appointed as an Additional Director of the Company with effect from May 05, 2001. By virtue of the provisions of Section 260 of the Companies act, 1956, read with Article 130 of the Articles of Association of the Company, Mr. T.N. Pandey would hold office only upto the date of the ensuing Annual General Meeting.

The Company has received notices from some members under Section 257 of the Companies Act, 1956, with requisite deposit signifying their intention to propose the name of Mr. T.N. Pandey as a candidate for the office of Director.

Mr. T.N. Pandey is M.Com, LL.B (Agra) and LL.M (Harvard-USA). He joined the Indian Revenue Service in 1955 and worked in various positions in the Income Tax Department as also on deputation as Under Secretary in the Ministry of Finance, Joint Director in Company Law Department and Secretary, Monopolies and Restrictive Trade Practices Commission. He also worked in various senior positions in the Income Tax Department such as Commissioner of Income-tax, Director General Administration and Member (Legislation) in the CBDT and retired as Chairman, CBDT and ex-officio Special Secretary to Government, Ministry of Finance, Department of Revenue in December, 1990.

He has attended a 10 months course on International Taxation at Harvard Law School, USA. Has been the Chairman, Editorial Advisory Board of the ICSI Journal 'Chartered Secretary' for 3 years and has been associated with many training institutes. A number of articles for various economic dailies such as 'The Economic Times', 'The Financial Express' etc. and Tax Journals in India and abroad on issues relating to tax laws and policies, administration and on subjects relating to Company, MRTP and Consumer Protection Acts have been contributed.

His present occupation is giving of legal advice and consultancy work concerning economic legislations specially on issues relating to Direct Taxes, Company and MRTP enactments and Consumer Protection Act.

His expertise relates to the field of Income-tax and other Direct Taxes, Company Law, Consumer Protection Act, MRTP Act, SICA and other economic legislations.

He is a Director on the Board of Flex Foods Ltd. and VLS Finance Ltd.

Your Directors recommend the resolution for approval of the members.

Mr. T.N. Pandey is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is concerned or interested in the said resolution.

Item No. 8 (Special Resolution)

The following is the explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 which sets out the various disclosures as required under Section 77A(3) of the Companies Act, 1956 ("The Act"), and Regulations 5(1) read with Schedule I attached to Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ("Buyback Regulations").

1. The Company's first buyback of its equity shares, which was approved by the shareholders on December 1, 2000, was successfully completed. Accordingly, the Company has bought back 42,940,921 shares and utilised a total amount of Rs.1498 Million. 41,066,202 shares were extinguished before March 31, 2001 and the balance 1,874,719 shares post March, 2001. Consequently, the capital structure of the Company is as under:-

	Equity Shares Nos.	Paid-up Equity Capital (Rs.)
As on March 31, 2001	217,775,004	2,177,750,040
On completion of 1st Buyback post March 31, 2001	215,900,285	2,159,002,850

Your Directors believe that the first buyback has enhanced shareholder value inter alia due to reduction of capital resulting in increased earnings per share. The Board of Directors believes that considering the financial position of the Company there is scope for further buyback of shares.

2. Accordingly, the Board of Directors at its meeting held on May 03, 2001 has, subject to your approval and such other approvals as may be necessary, approved the proposal for buyback of its own fully paid up equity shares of Rs.10/- each for an aggregate amount not exceeding Rs.1,000 Million, at a price not exceeding Rs.42 per share (hereinafter referred to as the "Buyback") in accordance with the provisions contained in the Articles of Association, Section 77A, 77B and all other applicable provisions of the Act, and the provisions contained in the Buyback Regulations.
3. The Board of Directors of the Company proposes the Buyback of the Company's own equity shares from the open market through the stock exchanges as it continues to believe that they are undervalued by the market. The Company believes that the Buyback would provide an exit opportunity to those shareholders who so desire and in a manner that does not adversely impact the shareholders

continuing with the Company. The Buyback programme is expected to lead to a reduction in the number of equity shares outstanding, which can lead to improvement in earnings per share and an overall enhancement of value for shareholders continuing with the Company. While the Buyback would result in return of capital to shareholders, the Board of Directors have taken care to see that the Company's expansion programme is not hampered in any way by the consequent reduction in the cash surplus of the Company. The Board of Directors considers the timing of the Buyback to be appropriate as the shipping markets continue to be good and are expected to sustain for a reasonable period of time.

4. The maximum price at which the buyback will be carried out is Rs. 42 per share. This maximum price has been arrived at after considering certain parameters such as the previous buyback price and the consequent impact on earnings per share, etc.
5. Your Company has proposed a maximum amount of Rs.1,000 Million for the share buyback programme. This represents approximately 12.22% of the aggregate of the Company's paid up capital and free reserves (post completion of first buyback of equity shares aggregating Rs.1,500 Million) eligible for use in buyback which is lower than the maximum permissible limit of 25%. The funds for buyback will be available from the current surplus and/or cash balances and internal accruals of the Company.
6. The actual number of shares bought back would depend upon the average price paid for the shares bought back and the amount deployed in the buyback. As an illustration, at the proposed maximum price of Rs. 42 per share and for an amount deployed of Rs 1,000 Million, the number of shares bought back would be 23,809,523 which would amount to approximately 11.03% of the pre-buyback paid up equity share capital (post completion of first buyback of equity shares). Should the average purchase price be lower than Rs. 42/- the number of shares bought back would be more, assuming the same deployment of Rs. 1,000 Million.
7. The debt to equity ratio post Buyback will be well below the maximum allowable limit of 2:1 set by the Act.
8. The Buyback is proposed to be implemented by the Company through the methodology of "Open market purchases through the Stock Exchanges", as permitted in the Buyback Regulations. The buyback shall be implemented in the manner and following the procedures prescribed in the Act and the Buyback Regulations and as may be determined by the Board of Directors (including a Committee of Directors constituted specifically for the buyback), hereinafter referred to as the "Board", and on such terms and conditions, as may be permitted by law from time to time. There will be no negotiated deals, spot transactions, or any private arrangements, in the implementation of the buyback.
9. The specific price of the buyback, the amount to be used for the buyback, the maximum number of shares to be repurchased and the timing would be decided by the Board after considering various relevant factors, including the limits imposed by the shareholder resolution and the limits imposed by law, during the period of the buyback.
10. The aggregate shareholding of the promoters and of the directors of the promoter, where the promoter is a Company, and of the persons who are in control of the Company (collectively referred to hereinafter as the "Promoters") as on the date hereof is 43,859,245 equity shares constituting 20.31% of the issued share capital of the Company.
11.
 - a. Some of the promoters and/or persons in control of the Company and/or persons acting in concert with them, have purchased an aggregate of 7,415,536 shares of Rs.10/- each at various dates (of which 2,125,000 shares purchased from promoters inter se), the highest rate being Rs.39.90 per share on January 24, 2001 and the lowest rate being Rs.25.02 per share on April 6, 2001 and have also sold to promoters inter se an aggregate of 2,125,000 shares of Rs.10/- each at the highest rate of Rs.39.89 per share on January 24, 2001 and the lowest rate of Rs. 27.95 per share on March 22, 2001 during the period of six months preceding May 3, 2001 being the date of meeting of the Board of Directors at which the buyback was approved.
 - b. Some of the promoters and/or persons in control of the Company and/or persons acting in concert with them, have purchased an aggregate of 1,175,222 shares of Rs.10/- each at various dates, the highest rate being Rs. 33.85 per share on May 7, 2001 and the lowest rate being Rs.30.97 per share on June 8, 2001 and have also sold an aggregate of 25,000 shares of Rs.10/- each at the highest rate of Rs.33.80 per share on May 4, 2001 and the lowest rate of Rs. 31.80 per share on May 10, 2001 during the period May 4, 2001 to June 14, 2001 being the date hereof.
12. The Promoters, and/or their associates will not offer their shares to the Company under the buyback.
13. As per the provisions of the Act, the special resolution passed by the shareholders approving the buyback will be valid for a maximum period of twelve months from the date of passing of the said special resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities). The exact time table for the buyback shall be decided by the Board within the above time limits.
14. The buyback will be implemented after approval, if necessary, of the financial institutions/banks from whom the Company has borrowing arrangements and obtained loans and subject to completion of the necessary formalities as prescribed under the Law.
15. As per the provisions of Section 77 A (8) of the Act, the Company will not be allowed to issue fresh equity shares for a period of 24 months after the completion of the Buyback. This restriction would not apply to bonus shares or shares issued towards discharge of subsisting obligations such as arising from convertible preference shares, debentures, employee stock options, etc. issued before the Buyback. Currently the Company has no subsisting obligations arising from convertible preference shares, debentures, employee stock option.

THE GREAT EASTERN SHIPPING COMPANY LTD.

16. As per provisions of the Act, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issuance.
17. The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
18. The Board of the Company confirms that it has made the necessary and full inquiry into the affairs and prospects of the Company and the Board has formed the opinion that:
 - a) immediately following the date on which the Annual General Meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;
 - b) as regards its prospects for the year immediately following the date of the Annual General Meeting, having regard to their intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the view of the Board be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and
 - c) in forming their opinion for the above purposes, the Board have taken into account the liabilities, as if the Company were being wound up under the provisions of the Act (including prospective and contingent liabilities).
19. The text of the Report dated June 14, 2001 received from M/s Chandabhoy & Jassoobhoy Chartered Accountants and Kalyaniwalla & Mistry, Chartered Accountants, the joint Statutory Auditors of the Company addressed to the Board is reproduced below:

"In connection with the proposal of The Great Eastern Shipping Company Limited (the "Company") to buyback its share and in pursuance of the provisions of Section 77A and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, we have examined the audited financial statements of the Company for the year ended March 31, 2001 and the relevant records and according to the information and explanations given to us and on the basis of such verification of records as we considered appropriate, we report that:-

 - a) We have enquired into the state of affairs of the Company.
 - b) The Board of Directors of the Company has proposed to Buyback the Company's equity shares to the extent of Rs. 1,000 Million. In our opinion, the said amount of Rs. 1,000 Million equivalent to 12.22% of the total paid-up capital and free reserves of the Company (post completion of the first buyback of the equity shares aggregating Rs. 1,500 Million will be within the maximum permissible capital payment in respect of the equity shares to be bought back and the same has been properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956.
 - c) The Board of Directors in their meeting on May 3, 2001 have formed their opinion as specified in clause(x) of Schedule 1 of Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of 1 year from the date of the Annual General Meeting of the Members of the Company proposed to be held on July 26, 2001."
20. All the material documents referred to in the explanatory statement will be made available for inspection by shareholders at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on all working days upto the date of the Annual General Meeting.
21. As the proposal for Buyback will be in the interest of the Company, the Directors recommend passing of the resolution as set out in the notice.
22. None of the Directors is in any way concerned or interested with the resolution, save to the extent that like any other shareholder in the same position, their proportion in the post-buyback equity capital will stand enhanced as a result of the Buyback.

By Order of the Board

Jayesh M. Trivedi
General Manager (Sec & Legal) &
Deputy Company Secretary.

Mumbai, June 14, 2001
Registered Office :
Ocean House,
134/A, Dr. Annie Besant Road,
Worli, Mumbai 400 018.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Strong performance of the tanker market this year has propelled your Company to its highest annual profit since inception. A conscious increase in exposure to oil tankers in relatively weaker markets of the last few years left us well placed to take advantage of the upturn in 2000/01.

The year saw your Company's fleet mark an increasing presence in the global trades with Great Eastern vessels transporting cargoes to virtually every continent. The quality of fleet and personnel enabled the Company to break into new markets and cultivate new customers such as global oil majors, independent U.S. refiners and Far Eastern trading houses. The growing perception of your Company as a quality operator should stand it in good stead in times when business is significantly gravitating towards quality in the maritime industry. The global service coverage was balanced by a continued strong domestic presence and the Company continued to satisfactorily service the Indian oil industry via its tanker and offshore fleet. The dry bulk business also witnessed an earnings upturn as well as an internationalisation of service; though on both counts this segment's performance was muted in comparison to the tanker business. The Offshore division continued to deliver good returns in this more localised business segment. The performance of these divisions is discussed in greater detail in the "Management Discussion and Analysis" section of this report.

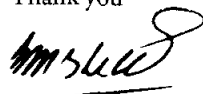
Your Company has also embarked upon a makeover of management processes involving systems' upgradation and a move towards a more optimal profile of its human resources. We believe this will be a significant contributor to the Company's objective of providing a differentiated service and becoming a preferred service provider to its widespread customer base. Towards this end, the Company has also committed significant investments for modernisation and upgradation of its assets. These operational initiatives will continue to be backed by judicious timing of investments and divestments to derive enhanced returns from this traditionally volatile industry.

Considering the financial and operational risks entailed in the planned expansion, increased exposure to international markets and growing global sensitivity to the marine environment; the Company is aware that risk management will be a key issue in the future. Your Company's strategies in terms of multi-sector exposure, investing in downturns, locking-in long-term revenue, building customer preference and adhering to stringent quality standards will significantly mitigate the risks and support earnings' expansion.

Excess cash resources generated as a consequence of excellent operational performance were utilised to optimise the capital structure via retiring of high cost debt and buyback of equity capital. As a part of the ongoing process of capital restructuring, the Board has proposed a second buyback to be approved by the shareholders. The rationale and benefits of the buyback have been dealt with in greater detail in the Directors' Report.

The Company's performance could not have been possible without the expertise of its thousand onboard officers and other support crew. The strength of your Company lies in its management team that has, and will, be oriented in all its activities to achieve value creation. It has been ably supported by around 250 onshore employees who bring with them a mix of ability, rich experience and pride in professional excellence. I envisage a bright future of your Company and hope to see your encouragement and support in the years ahead.

Thank you



K.M. Sheth
Executive Chairman

Mumbai, June 14, 2001