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61st
ANNUAL
REPORT
2008-09



THE GREAT EASTERN SHIPPING CO. LTD.

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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

61st Annual General Meeting

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

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

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

Registered Office:

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

By Order of the Board

Jayesh M. Trivedi
Company Secretary

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

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.

