



THE GREAT EASTERN SHIPPING COMPANY LIMITED

64th

ANNUAL REPORT 2011-12



Offshore
Anchors
Shipping





Vessels



Offshore Boats



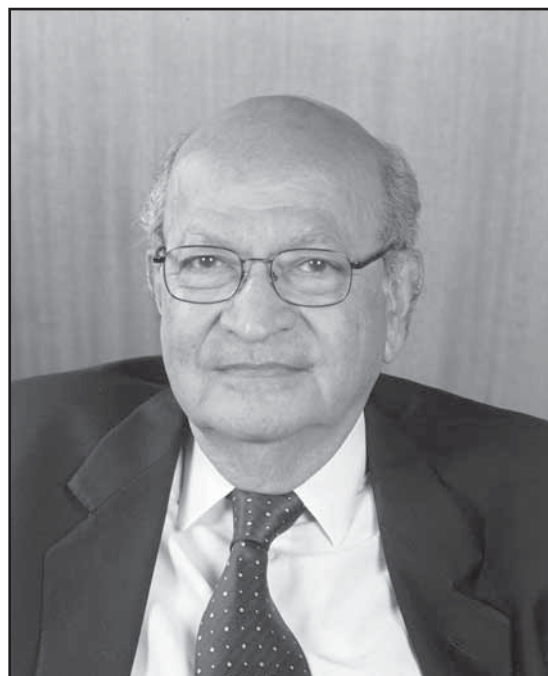
Rigs

CHAIRMAN'S STATEMENT

Dear Shareholders,

As anticipated, the year gone by has proven to be one of the most challenging for the global shipping industry. Apart from the relentless fleet growth, an anemic global recovery coupled with a spate of natural disasters like the tsunami in Japan and floods in Australia and Brazil had a direct negative impact on the business.

In the midst of such a difficult environment, your Company has performed relatively well. As emphasized, in the last year's communiqué, the 'wait and watch' approach to the shipping business has proved prudent, with asset values of various ships correcting between 10% to 50%. Your Company's overall conservative strategy which has kept our net debt to equity at 0.48 will enable it to make asset acquisitions at the appropriate time. On the offshore portfolio, Greatship (India) Limited (GIL) has attained a significant size and has an existing young fleet of 19 support vessels and 2 Jackup Rigs. In the next one year it will be adding 3 new high end ROV Support Vessels and a newly built Jackup Rig. With client preference shifting to more modern assets, GIL is in an advantageous position to benefit from the growing offshore support and drilling market. For FY2012, this business added ₹ 215.92 crores to our consolidated net profit.



For FY2011-12, on a consolidated basis, your Company posted a net profit of ₹ 316.55 crores. The cash and cash equivalent amounted to ₹ 3549.02 crores. For the year, your Company declared a total dividend of ₹ 6.50 per share resulting in payment of ₹ 113.98 crores (inclusive of tax thereon).

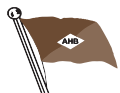
For 2012, IEA expects a muted oil demand growth of 0.9% on back of uncertain economic recovery and high crude oil prices. Change in trade dynamics with US turning net exporters of petroleum products and resulting increase in the ton-mile situation can provide some support to the tanker market, but steady fleet growth will cap any significant improvement in the freight rates. On the dry bulk side, the massive fleet addition coupled with a slowdown in China is likely to have a huge negative impact on the tonnage demand.

In the current world environment, where nations are riddled with unmanageable sovereign debt, there is a severe crunch for funds. Hence, access to ship finance too has suffered and is now largely restricted to a few strong ship owners. This has resulted in a significant slow down in new building orders which provides the only silver lining to the industry.

As we move ahead, the operating environment for your Company remains extremely challenging. However managing risks effectively, will be the key to long term sustainable performance. To steer your Company through rough weather, I would request all my colleagues, on shore and on board as well as our customers to extend the unstinting commitment and support which they have provided us earlier. Finally, I am grateful to you all for your continuous support.

With warm regards,

K.M. Sheth
Executive Chairman



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NOTICE

NOTICE is hereby given that the Sixty Fourth 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 Thursday, August 09, 2012 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, 2012 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.
3. To appoint a Director in place of Mr. Cyrus Guzder, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Berjis Desai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Kalyaniwalla & Mistry, Chartered Accountants (Registration No. 104607W) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. Rajiv B. Lall who was appointed as an Additional Director at the meeting of the Board of Directors held on February 10, 2012 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 Dr. Rajiv B. Lall 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."
7. 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, 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 an office or place of profit in Greatship (India) Limited, a subsidiary of the Company, as its officer/employee carrying a total remuneration not exceeding ₹ 30,00,000/- p.a."
"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

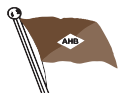
Mumbai, May 03, 2012

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 August 01, 2012 to August 09, 2012 (both days inclusive).



4. The dividend declared at the Meeting will be made payable on or after August 09, 2012, as applicable, 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 31, 2012 and in respect of shares held in the electronic form to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as on that date.
5. 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.
6. 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 2003-04 (50th final dividend), 2004-05 (51st 1st interim dividend) and 2004-05 (51st 2nd interim dividend) to the Investor Education and Protection Fund. All unclaimed dividend for the year 2004-05 (51st final dividend) will be due for transfer to the Investor Education and Protection Fund on July 24, 2012. 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 July 19, 2012.
7. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business as per Item Nos. 6 and 7 hereinabove, is annexed hereto.

ANNEXURE TO NOTICE

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

Item No. 6 (Ordinary Resolution) :

Dr. Rajiv B. Lall was appointed as an Additional Director of the Company with effect from February 10, 2012. 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, Dr. Rajiv B. Lall would hold office only upto the date of the ensuing Annual General Meeting.

The Company has received notice from a member under Section 257 of the Companies Act, 1956 with requisite deposit, proposing the name of Dr. Rajiv B. Lall as a candidate for the Office of Director of the Company.

Dr. Rajiv B. Lall is the Vice Chairman and Managing Director of IDFC. Dr. Lall has over two decades of experience with leading global investment banks, multilateral agencies and in academia. Dr. Lall's areas of expertise include project finance, private equity/venture capital, international capital markets, trade, infrastructure and macro-economic policy issues with a focus on emerging markets including India and China in particular.

Dr. Lall straddles the policy making and finance worlds. He chairs the Infrastructure Council of CII (Confederation of Indian Industry) a leading business chamber in the country, and was President of Bombay Chamber of Commerce and Industry. Dr. Lall is India's representative to the G20 Workgroup on Infrastructure and a member of the City of London's Advisory Council on India. He is also a member of the Planning Commission's Steering Committee on Urban Development Management set up to help formulate the country's 12th Five Year Plan; the Prime Minister's Committees on Infrastructure Finance and Transport Sector Development; Expert Group on Modernization of Indian Railways of Ministry of Railways, Government of India; and the Reserve Bank of India's Committee on NBFCs. Dr. Lall has served on several other Government Committees including those focused on Urban Infrastructure, Bond Market Development and Financial Sector Reform.

Prior to joining IDFC, Dr. Lall was variously a Partner with Warburg Pincus in New York; Head of Asian Economic Research with Morgan Stanley in Hong Kong; a senior staff member of the World Bank in Washington D.C. and of the Asian Development Bank in Manila, respectively; and faculty member of the Florida Atlantic University Department of Economics.

Dr. Lall has a number of publications and articles to his credit. He has a B.A. in Politics, Philosophy and Economics from Oxford University and a Ph.D. in Economics from Columbia University.

Dr. Lall is also on the Board of Directors of the following public limited companies :

- Infrastructure Development Finance Company Ltd.
- IDFC Private Equity Company Ltd.
- IDFC Securities Ltd.
- IDFC Project Equity Company Ltd.
- IDFC Asset Management Company Ltd.
- National Securities Depository Ltd.
- IDFC Trustee Company Ltd.
- National Stock Exchange of India Ltd.
- Delhi Integrated Multi-Modal Transit System Ltd.

Dr. Lall is also a member / chairman of the following committees :

NAME OF COMPANY	NAME OF THE COMMITTEE	MEMBER / CHAIRMAN
Infrastructure Development Finance Company Limited	Investor Grievance	Member
IDFC Asset Management Company Ltd.	Audit	Member
National Securities Depository Limited	Audit	Member

Dr. Lall holds 500 equity shares of the Company.

Your Directors commend the resolution at item no. 6 of the Notice for your approval.

Dr. Rajiv B. Lall is interested in the resolution as it relates to his appointment. No other Director of the Company is concerned or interested in the said resolution.

Item No. 7 (Special Resolution) :

Ms. Nirja Sheth is working with Greatship (India) Limited (GIL), a subsidiary of the Company, as Assistant Manager, at a CTC of approximately ₹ 11.375 lakhs. In addition to the salary there is also a variable component which is based on performance of the employee and ranges up to 35% of the CTC for her level. According to the policy of GIL, her performance incentive pay and annual increment is due by June 30, 2012. Annual increment may also range up to 15% of the CTC.

As per section 314 (1B) of the Companies Act, 1956 approval of the Central Government was required for payment of remuneration exceeding ₹ 6,00,000/- p.a. to a relative of the director holding office or place of profit in a company. GIL had obtained approval of the Central Government for payment of remuneration to Ms. Nirja Sheth as aforesaid. Ministry of Corporate Affairs, vide its notification dated July 7, 2011, has increased the said limits to ₹ 30,00,000/- p.a.

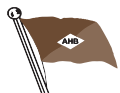
In view of the aforesaid notification, it is proposed to pass an enabling resolution revising the terms of appointment of Ms. Nirja Sheth to increase her total consolidated salary not exceeding ₹ 30,00,000/- p.a.

The revised terms of appointment for Ms. Nirja Sheth as proposed by GIL are as under :

- | | |
|---|--|
| I. Designation/Grade | Assistant Manager or such other designation as she may be promoted from time to time. |
| II. Consolidated Salary | Up to ₹ 30,00,000/- p.a. in any year after considering the periodic increments, promotions and increase in remuneration. |
| III. Allowances, perquisites and other benefits | As applicable to her Designation/Grade |

Details of allowances, perquisites and other benefits, as may be applicable to her Designation/Grade :

- a) Basic Salary, Allowances including Additional allowance, Leave Travel Concession, House Rent allowance, Performance linked compensation.
- b) Company provided car, commutation allowance and telephone rental.



- c) Housing Loan Subsidy as per the rules of GIL.
- d) Payment of Company's contributions to Provident Fund/Superannuation Fund/Gratuity Fund/pension in accordance with the rules of GIL.
- e) Medical reimbursement : Expenses incurred for self and family including premium payable for medical insurance and hospitalization expenses in accordance with the rules of GIL. Comprehensive Health checkups in accordance with the rules of GIL.
- f) Benefits like medical benefits, group medical insurance, group accidental insurance, group life insurance as per the policies of GIL.
- g) Use of the Guest House in accordance with the rules of GIL.
- h) Grant of Employee Stock Options in accordance with the Scheme applicable to employees of GIL.
- i) Such other allowances, incentives, perquisites, benefits and amenities as may be provided by GIL to other executives in that grade from time to time.
- j) Benefits under other schemes in accordance with the practices, rules and regulations in force in GIL from time to time.

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 ₹ 50,000 unless the same is approved by the members of the Company.

Your Directors commend the resolution at item no. 7 of the Notice 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.

By Order of the Board

Jayesh M. Trivedi
Company Secretary

Mumbai, May 03, 2012

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 was a pioneer in the Freight Forwarding, Express Courier and Logistics Industry. AFL's Cartridge World division is today the market leader in the business activity of reconditioning and recharging printer cartridges.

He held several important positions in the travel, cargo and express industry associations and has also held leadership position of CII's National Council of Civil Aviation and National Committee on 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 Limited
- Mahindra Holidays & Resorts India Ltd.
- Zeenia Realtors Limited

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.

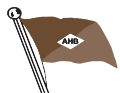
Mr. Desai has been practicing law since 1980 and was a founder partner of Udwadia, Udeshi & Berjis. He specializes in financial & securities laws, structured finance, securitisation and OTC derivatives as well as offshore investments. In addition, he has extensive experience both as an Arbitrator and 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 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
- Praj Industries Limited
- Edelweiss Financial Services Limited
- Adani Power Limited



- Deepak Nitrite Limited
- Himatsingka Seide Limited
- DCW Limited
- NOCIL Limited
- Greatship (India) Limited
- Emcure Pharmaceuticals Limited

Apart from being a member of the Audit Committee and Remuneration 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	• Audit	Chairman
	• Compensation and Share Allotment	Member
	• Remuneration	Chairman
Edelweiss Financial Services Limited	• Shareholders / Investors Grievance	Member
	• Audit	Member
	• Compensation (ESOP)	Member
Greatship (India) Limited	• Audit	Member
	• Remuneration	Member
Emcure Pharmaceuticals Ltd.	• Audit	Member
	• Remuneration	Member