BOARD'S REPORT

Your Directors are pleased to present the 70th Annual Report on the business operations and the Financial Statements of your Company for the financial year ended March 31, 2018.

FINANCIAL PERFORMANCE

The financial results of the Company (standalone) for the financial year ended March 31, 2018 are presented below:

(₹ in crores)

	2017-18	2016-17
Total Revenue	**2399.27**	2224.71
Total Expenses	**2232.08**	1583.32
Profit before tax	**167.19**	641.39
Less : Tax Expenses	**7.00**	40.00
Profit for the period	**160.19**	601.39

Retained Earnings		
Balance at the beginning of the year	**1405.71**	1558.29
Add :		
- Profit for the year	**160.19**	601.39
- Other Comprehensive Income	**3.42**	(2.14)
Less :		
- Transfer to Tonnage tax reserve	**15.00**	100.00
- Transfer to Debenture redemption reserve	**28.75**	591.25
- Interim Dividend on Equity Shares	**-**	54.28
- Final Dividend on Equity Shares (FY - 2016-17)	**98.01**	-
- Dividend Distribution Tax	**14.63**	6.30
Balance at the end of the year	**1412.93**	1405.71

The net worth of the Company as on March 31, 2018 was ₹5225.42 crores as compared to ₹5162.02 crores for the previous year.

The financial statements have been prepared in accordance with the Indian Accounting Standards (IndAS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

DIVIDEND

Your Directors recommend a final dividend of ₹7.20 per share which will result in an outflow of ₹126.08 crores (inclusive of tax on dividend). This represents a payout ratio of 78.71% (previous year 28.90%). The dividend will be paid after your approval at the ensuing Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PERFORMANCE

In Financial Year (FY) 18, the Company recorded a total income of ₹2399.27 crores (Previous year ₹2224.71 crores) and earned a PBIDT of ₹986.88 crores (previous year ₹1261.97 crores).

MARKET ANALYSIS

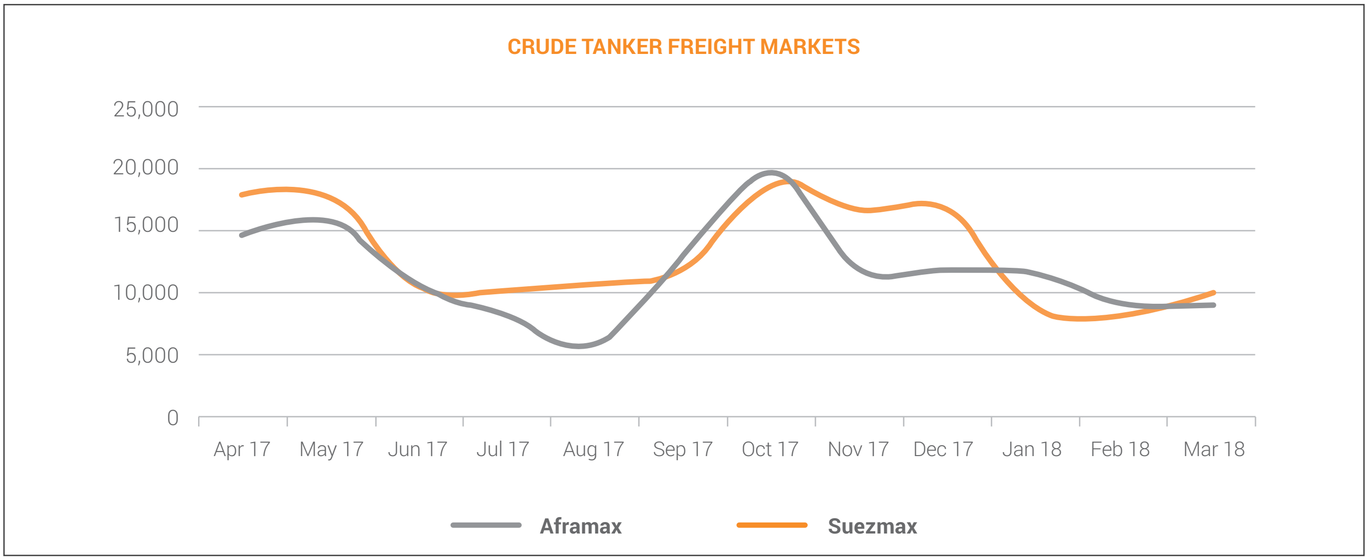
CRUDE TANKER MARKET

The crude tanker market in FY 18 witnessed lower earnings than FY 17 due to the following factors:

- In November 2016 the OPEC and certain Non-OPEC nations decided to curtail production to help support the crude oil prices. By the end of FY 17 and throughout FY 18 the market witnessed a strong compliance to these allocated cuts. This led to two major consequences:
  1. Lower production and consequently lower exports from these nations.
  2. The reduced production led to the oil price increasing, however the forward curve remained in backwardation (as the market believes these oil prices are artificially held high). When the oil curve is in backwardation, oil consumers prefer to draw down from their inventories, which has occurred at the expense of trade.
- Overall the trade growth was healthy from a historical context but due to the factors mentioned above, the trade growth was not strong enough to support freight rates.
- Fleet supply was a major challenge during the year due to a large number of new building vessels being delivered, floating storage (in vessels) being released and tankers trading in the clean sector switching to the dirty crude sector.
- The excessive growth in the fleet supply during the year exacerbated the supply overhang of vessels which existed at the beginning of the year.
- Therefore the freight market was very weak throughout the year. This weakness should have led to increased scrapping but unfortunately it did not pick up until the fourth quarter.

The table below captures the average spot earnings of the Suezmax and the Aframax type of ships over the financial year (in $/day).

	FY 18	FY 17	YOY CHANGE
Suezmax	13,171	22,904	-42%
Aframax	11,720	20,075	-42%



Source: Clarksons

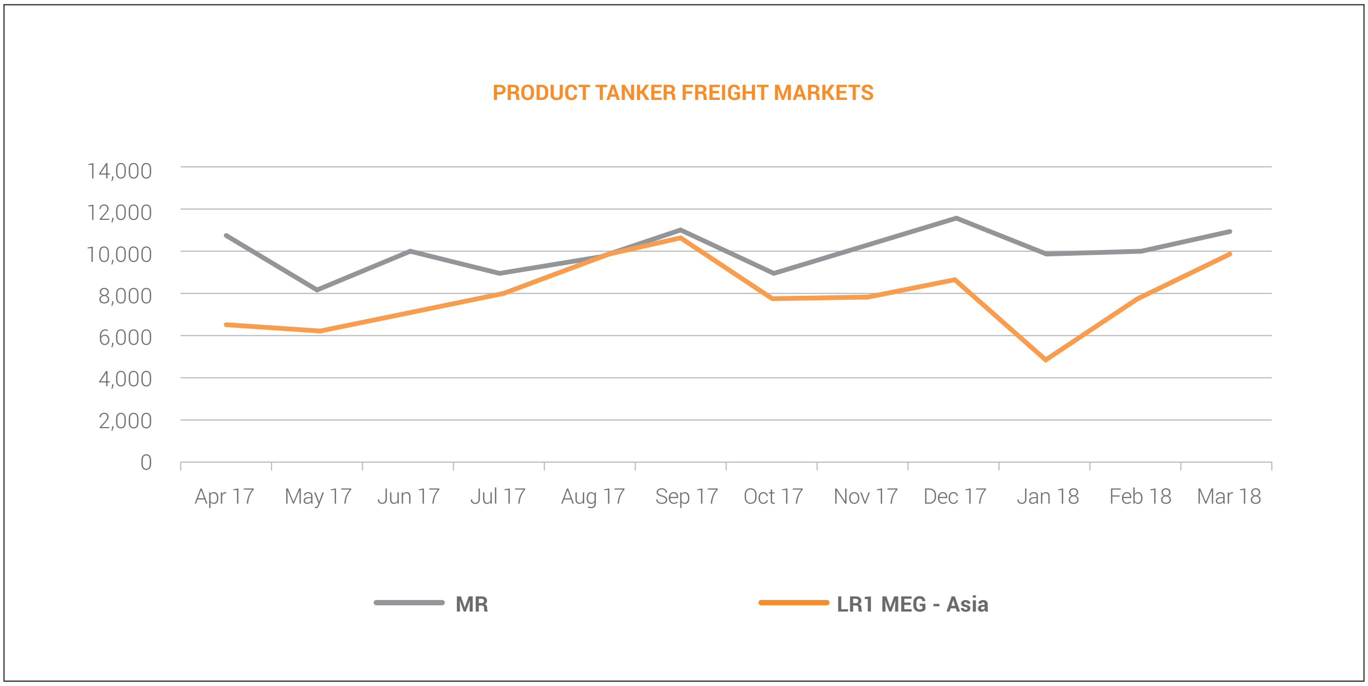
PRODUCT TANKER MARKET

The product tanker market in FY 18 witnessed lower earnings than in FY 17 due to the following factors:

- Similar to the crude market, inventories in the product tanker market had also built up over the previous year. Therefore in FY 18, despite a healthy demand growth for products, trade growth was weaker than FY 17 as consumers relied upon drawing down inventories.
- Another consequence of excessive inventory was the lack of arbitrage opportunities, an important component of demand for product tankers.
- Unfortunately, short haul intra-regional trade which did not contribute much to the tonne-mile expansion was the major source of whatever trade demand growth was seen.
- Fleet growth was strong during the year with minimal scrapping.
- Newbuilding Suezmaxes and VLCCs carried product cargoes on their maiden voyages, which further reduced cargoes available for product tankers.
- Clearly the year was challenging for product tankers as the dearth of cargoes and excess fleet was the perfect combination for a weak freight rate.

The table below captures the average spot earnings of the LR and MR type of ships over the financial year (in $/day).

	FY 18	FY 17	YOY CHANGE
MR	9,976	10,698	-7%
LR1 MEG - Asia	7,875	10,247	-23%



Source: Clarksons

The Company bought (and took delivery of) a modern MR tanker and a modern LR2 tanker during FY 18. The Company believes that these acquisitions will be value accretive in the long term.

LPG CARRIER MARKET

The rise of the gas market over the last few years has been broadly attributed to two major reasons:

- First, the increase in shale production in the US has led to a large amount of LPG being produced in the region. The export of this new supply of gas (especially to Asia) has led not only to trade growth but also tonne mile expansion. To put it in perspective, US exports grew from 1.8 Mn tons in 2006 to about 33 Mn tons in 2017.

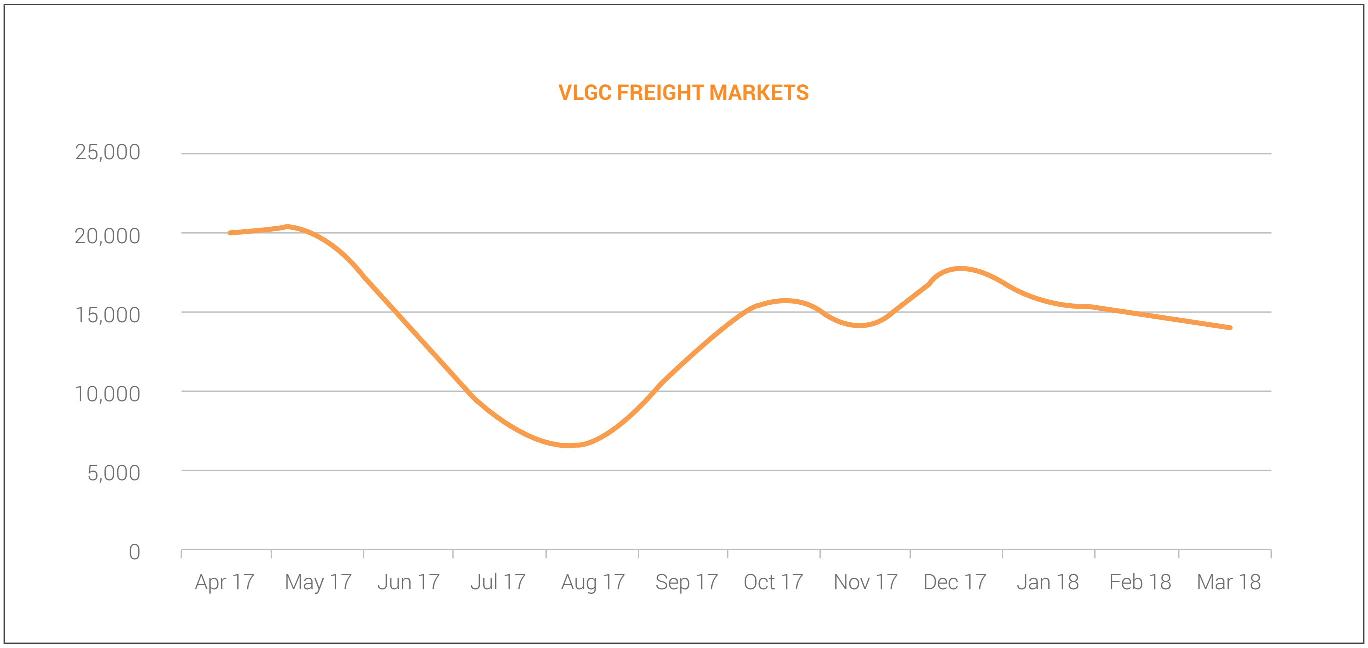
- The second factor was the strong growth in demand from the Asian countries, especially China and India.

However, on the back of a very strong freight market in 2014-16, ship owners had ordered a large number of vessels, most of which were delivered in 2016 and 2017. The growth in trade demand was unable to keep pace, with FY 17 witnessing a softening of the freight market. The supply overhang, along with delivery of new vessels and limited scrapping. has led to a depressed freight market for FY 18.

On top of the excessive fleet supply during FY 18, low oil prices capped the growth of shale production and as a consequence LPG production growth. Local demand in the US also picked up due to an extremely cold winter, as well as industrial demand for propane. As a result, local prices picked up, closing the arbitrage between the US and Asia. Therefore, while the fundamental story of exports to Asia remains strong, there was a slowdown in growth over the last year due to local factors.

The table below captures the average spot earnings of VLGC type of ships over the financial year (in $/day).

	FY 18	FY 17	YOY CHANGE
VLGC	14,366	15,760	-9%



Source: Clarksons

The weak state of the freight market has led to weak asset values and the Company has capitalized on this opportunity to increase its exposure to the LPG sector. The Company has purchased two MGCs and one VLGC during the financial year, of which one MGC has been delivered to the Company in FY 18, and one VLGC in FY 19. The remaining MGC is expected to be delivered in FY 19.

DRY BULK CARRIER MARKET

Dry bulk markets began the financial year on a strong note. The market had suffered over the last few years due to excessive fleet supply; however FY 18 has seen an improvement in freight earnings.

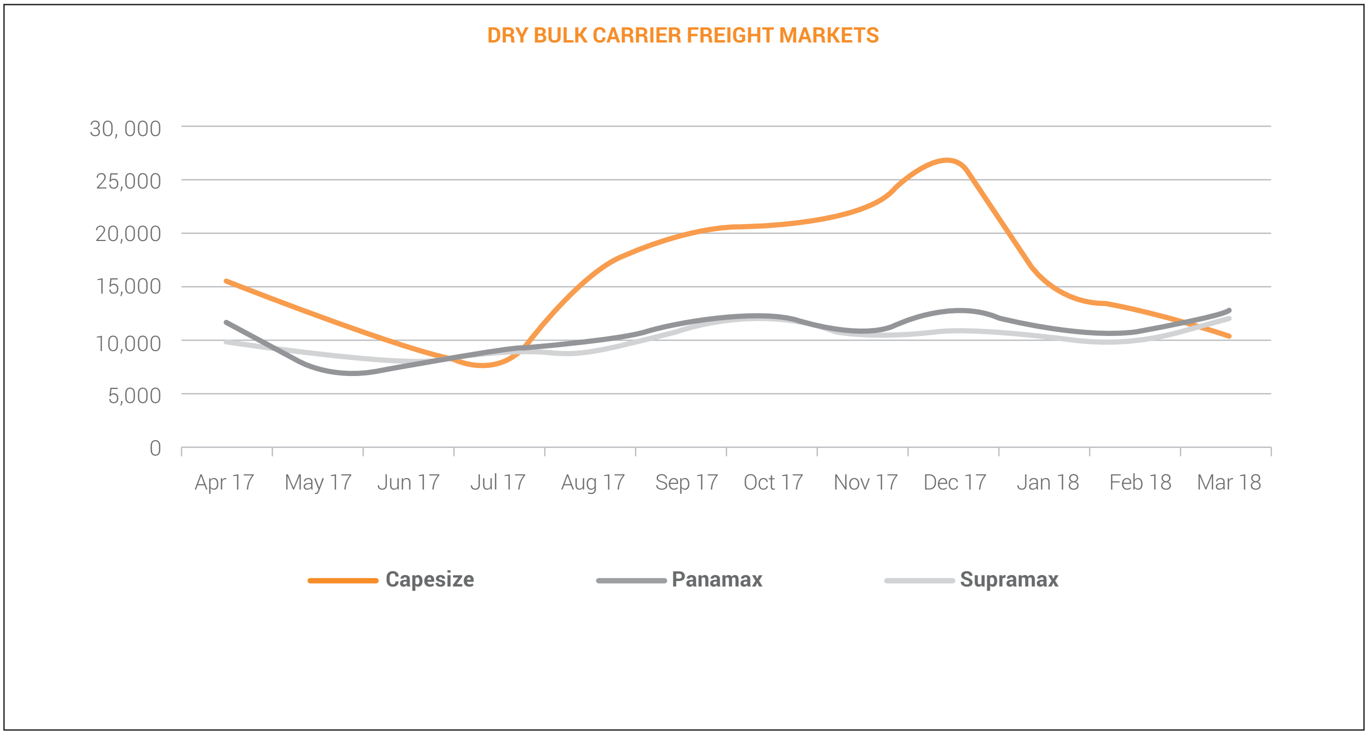
The defining characteristic of the dry bulk market over the last few years is that it is intrinsically dependent on the growth in Chinese cargo volumes.

The following events lent strength to the market:

- Fiscal stimulus in China has supported steel demand, which in turn has supported iron ore imports.
- Due to a focus on reducing pollution from steel mills, China increased imports of high grade ore from longer haul destinations such as Brazil.
- Coal demand for China and other South East Asian countries was strong and aided by longer haul exports from the US.
- The Latin American grain season has been exceptionally strong this year.
- Some minor bulk commodities such as bauxite also played their part as China diversified its sources from longer haul destinations such as Guinea.

The table below shows the average spot earnings of the various categories of dry bulk ships over FY 18 (in $/day).

	FY 18	FY17	YOY CHANGE
Capesize	15,600	9,497	64%
Panamax	10,596	6,868	54%
Supramax	10,017	7,264	38%



Source: Baltic Exchange

FLEET SIZE AND CHANGE DURING THE FINANCIAL YEAR

As of 31st March 2018, the fleet of your Company stood at 47 ships aggregating 3.88 Mn dwt, with an average age of 10.58 years. During the financial year, your Company took delivery of 2 product tankers, 1 medium gas carrier and 1 dry bulk carrier aggregating 0.24 Mn dwt. The Company also sold 1 Supramax dry bulk carrier in the financial year.

MOVEMENT OF ASSET VALUES

Despite a weak freight market, the asset values for crude and product tankers moved within quite a narrow range of 5-10% during the year.

On the back of a strengthening dry bulk freight market, asset values gained by 5% to 30% depending on the age of the vessel, with a higher gain for older vessels.

Given the weak state of the gas market, asset values have corrected by 10-20% at the older end.

Over the next 12 months, the Company believes that asset values could stabilize for crude and LPG tankers and may increase for product and dry bulk vessels.

ORDER BOOK AND OUTLOOK

The crude tanker order book stands at 13%, while the product tanker order book is 9%.

Over the next 12 months, oil demand is expected to remain strong along with refinery runs. As inventories for both crude and products have reduced, the sector should witness an increase in flow of cargoes. On the supply side, crude tankers are being scrapped as quickly as they are being delivered, which should help the sector work through the overhang of fleet supply. However, the next 12 months are expected to be challenging.

For product tankers, the pace of deliveries has moderated, and the strong demand scenario may result in an improved freight market later in the year. Arbitrage opportunities should re-open, providing an additional increase to trade demand.

The VLGC orderbook stands at 12.8%. LPG production in the US is expected to pick up on the back of increased shale oil drilling. However, US LPG demand has been surprisingly strong which may result in limited growth in US exports. Therefore, the LPG freight markets are expected to remain challenging for another 6/12 months.

The dry bulk order book stands at 9.9%. The market has strengthened over the past couple of years, working its way through the overhang of excessive fleet supply. Over the next 12 months, demand is expected to grow at a healthy pace, with only moderate supply growth. Therefore, freight rates may improve somewhat over the next 12 months.

RISKS AND CONCERNS

Your Company has carried out a detailed exercise to identify the various risks faced by the Company, and has put in place mitigation, control and monitoring plans for each of the risks. Risk owners have been identified for each risk, and these risk owners are responsible for controlling the respective risks. The efficacy of these processes is monitored on a regular basis by Risk Committees for the different areas in order to make continuous improvement and is further reviewed by the Risk Management Committee consisting of the three Whole-time Directors and the Compliance Officer.

The material risks and challenges faced by the Company are as follows:

ECONOMIC RISK:

Shipping is a global business whose performance is closely linked to the state of the global economy. Therefore, if the global economic situation is adversely impacted, it could have an effect on the state of the shipping market.

GEO-POLITICAL RISK:

OPEC nations control more than one third of the oil supply. Therefore their decision on whether to comply (or extend) with crude production targets can have a material impact on the crude, product and LPG freight markets.

Many politically unstable countries such as Libya, Nigeria and Venezuela produce significant amounts of crude oil. Any instability in these counties (or resumption of stability in some countries such as Venezuela) may alter the supply/demand scenario. This will have a consequential impact on the tanker market.

Issues such as sanctions and wars may affect the shipping markets.

TRADE BARRIERS:

The recent trade dispute between the US and China may turn into a trade war. The manner in which it may unfold, if at all, could be a serious cause for concern.

CHINESE ECONOMY:

China has been a major source of global growth especially for commodities. If the economy falters or changes its policy towards import of various goods, the consequential damage to shipping will be significant.

CHALLENGES FACED BY THE SHIPPING BUSINESS

EARNINGS VOLATILITY:

The shipping industry is a truly global business with a host of issues potentially impacting the supply demand balance of the industry. This results in tremendous volatility in freight earnings and asset values.

Your Company attempts to manage that risk in various ways. If the Company believes that the freight market could weaken, it may enter into time charter contracts ranging from 6 months to 3 years. Another method of managing risk is by adjusting the mix of assets in the fleet through sale or purchase of ships. The Company also ensures that assets are bought at cheap prices as capital cost is a major cost component. The Company hopes to weather the depressed markets better than most players in the business by having among the lowest fleet break-evens. The Company also operates ships in different asset classes and different markets. This ensures that the Company's fortunes are not reliant upon a single market.

LIQUIDITY RISK:

The sale and purchase market and time charter markets are not always liquid. Therefore, there could be times when the Company is not able to position the portfolio in the ideal manner.

FINANCE RISK:

Our business is predominantly USD denominated as freight rates are determined in USD and so are ship values. The Company has its liabilities also denominated in USD. Any significant movement in currency or interest rates could meaningfully impact the financials of the Company.

SHIPBOARD PERSONNEL:

Indian officers continue to be in great demand all over the world. Given the unfavorable taxes on a seafarer sailing on Indian flagged vessels, it is becoming increasingly difficult to source officers capable of meeting the modern day challenges of worldwide trading.

CYBER RISK:

A new and worrying threat to our business is cyber risk. The Company is taking steps to secure its assets and systems from this threat, including by having suitable protection in place and by constant training to employees on how to avoid such issues.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has instituted internal financial control systems which are adequate for the nature of its business and the size of its operations. The policies and procedures adopted by the Company ensure the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The systems have been well documented and communicated. The systems are tested and audited from time to time by the Company and internal as well as statutory auditors to ensure that the systems are reinforced on an ongoing basis. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

No reportable material weakness or significant deficiencies in the design or operation of internal financial controls were observed during the year.

The internal audit is carried out by a firm of external Chartered Accountants and covers all departments. In the beginning of the year, the scope of the internal audit exercise including the key business processes and selected risk areas to be audited are finalised in consultation with the Audit Committee. All significant audit observations and follow up actions thereon are reported to the Audit Committee.

During the year, the Company decided to rotate the internal auditors. Accordingly, Ernst & Young LLP have been appointed as new internal auditors of the Company in place of CNK & Associates LLP w.e.f. April 01, 2018.

CNK & Associates LLP (earlier A. J. Shah & Company) were associated with the Company for the last 26 years. Your Directors place on record their appreciation for the valuable services rendered by CNK & Associates LLP (earlier A. J. Shah & Company) during their long tenure as Internal Auditors of the Company.

The Audit Committee comprises of Mr. Cyrus Guzder (Chairman), Mr. Berjis Desai, Mr. Farrokh Kavarana and Ms. Rita Bhagwati, all of whom are Independent Directors on Board of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by your Company in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015. The audited Consolidated Financial Statements together with Auditors' Report thereon form part of the Annual Report.

The group recorded a consolidated net loss of ₹209.57 crores for the year under review as compared to net profit of ₹754.96 crores for the previous year. The net worth of the group as on March 31, 2018 was ₹6929.22 crores as compared to ₹7223.33 crores for the previous year.

SUBSIDIARIES

The statement containing the salient features of the financial statements of the Company's subsidiaries for the year ended March 31, 2018 has been attached along with the financial statements of the Company. The report on performance of the subsidiaries is as follows:

GREATSHIP (INDIA) LIMITED, MUMBAI

Greatship (India) Limited (GIL), wholly owned subsidiary of your Company and one of India's largest offshore oilfield services providers, has completed another challenging year of operations. In FY 18, GIL has recorded a total income of ₹1057 crores (previous year ₹1310.56 crores) on a standalone basis and ₹1001.54 crores (previous year ₹1424.66 crores) on a consolidated basis. The Company earned a profit before interest, depreciation (including impairment) & tax of ₹598.06 crores (previous year ₹449.71 crores) and ₹541.88 crores (previous year ₹885.87 crores) on a standalone and consolidated basis, respectively.

GIL, alongwith its subsidiaries, currently owns and operates nineteen vessels and four jack up drilling rigs. The operating fleet of nineteen vessels comprises of four PSVs, eight Anchor Handling Tug cum Supply Vessels (AHTSVs), two Multipurpose Platform Supply & Support Vessels (MPSSVs) and five ROVSVs.

GROUP RESTRUCTURING

During the previous financial year, GIL had commenced the group restructuring exercise whereby GIL had acquired full ownership of its Singapore subsidiary Greatship Global Energy Services Pte. Ltd. (GGES) in March 2017.

As a part of the restructuring exercise, during the year, GIL has acquired four jack-up rigs along with its Plant, Machinery & Equipments/ Owner Furnished Equipments (the Rigs) from GGES in June 2017. As part consideration for acquisition of the Rigs, GIL has taken over the outstanding bank borrowings of GGES and the balance outstanding consideration is to be settled by June 2018, in accordance with the Memorandum of Agreement (as amended).

Further, during the year under review, the Board of Directors of GIL and its wholly owned subsidiary in Mauritius, Greatship Global Holdings Ltd. (GGHL), have approved a cross border merger of GGHL with GIL. GIL and GGHL have commenced the process for the merger and made the necessary applications to the relevant authorities for their approval.

GIL has the following wholly owned subsidiaries:

- **Greatship Global Energy Services Pte. Ltd., Singapore (GGES)**
  As mentioned above, in June 2017, GGES has sold all its Rigs to GIL. GGES has incurred a profit of USD 8.54 Mn for the current financial year as against the loss of USD 198.54 Mn, after accounting for impairment of USD 223.7 Mn in the asset values, in the previous year.

- **Greatship Global Holdings Ltd., Mauritius (GGHL)**
  As mentioned above, during the year, GIL and GGHL have commenced the process of merger of GGHL with GIL. GGHL is the holding company of GGOS.

- **Greatship Global Offshore Services Pte. Ltd., Singapore (GGOS)**

GGOS owns and operates three offshore support vessels which include one Anchor Handling Tug cum Supply Vessel (AHTSV) and two Multipurpose Platform Supply and Support Vessels (MPSSVs). GGOS, after accounting for an impairment of USD 15.62 Mn in asset values, incurred a loss of USD 20.14 Mn for the current financial year as against the loss of USD 19.96 Mn in the previous year, after accounting for an impairment of USD 16.32 Mn in asset values.

- **Greatship (UK) Limited, United Kingdom (GUK)**

During the year under review, the term of the charter party for the remaining/ second ROV Support Vessel (ROVSV) inchartered from the Company was completed. GUK's loss for the current financial year amounted to USD 0.02 Mn as against the profit of USD 0.41 Mn in the previous year.

- **Greatship Oilfield Services Limited, India (GOSL)**
  GOSL did not carry out any operations during the year.

THE GREATSHIP (SINGAPORE) PTE. LTD., SINGAPORE

The Greatship (Singapore) Pte. Ltd. is a wholly owned subsidiary of your Company. The Greatship (Singapore) Pte. Ltd. does shipping agency business for the ships owned by your Company. During the year ended March 31, 2018 there were 104 ship calls at Singapore. The company's profit after tax for the current financial year amounted to S$ 0.15 Mn as against the profit of S$ 0.13 Mn in the previous year.

THE GREAT EASTERN CHARTERING LLC (FZC), U.A.E.

The Great Eastern Chartering LLC (FZC) is a wholly owned subsidiary of your Company. During the year ended March 31, 2018, the company made a profit of USD 0.22 Mn (previous year loss of USD 0.59 Mn). The 3 year charter of the in-chartered suezmax tanker ended on July 1, 2017 when the vessel was redelivered. The company deposited an amount of USD 10,650,000 with DNB Luxembourg S. A. for the purpose of investment in shares of shipping companies. Out of this amount, the company has utilized USD 9,949,166 for investment in equity shares as above. As on March 31, 2018 the fair value of the shares was USD 10,535,491. During the the year ended March 31, 2018 the company booked a loss of USD 80,765 on equity shares investments, of which USD 739,662 was dividend/gain booked on sale of equity shares and USD 820,427 was loss recognised on revaluation of equity shares at market value at the end of the period.

During the year, the company made a further investment of USD 0.25 Mn in the share capital of The Great Eastern Chartering (Singapore) Pte Ltd., its wholly owned subsidiary.

THE GREAT EASTERN CHARTERING (SINGAPORE) PTE LTD., SINGAPORE

The Great Eastern Chartering (Singapore) Pte. Ltd. is a wholly owned subsidiary of The Great Eastern Chartering LLC (FZC), UAE. During the year ended March 31, 2018, the company made a loss of USD 0.01Mn as against loss of USD 0.05 Mn in the previous year. There was no trading activity in the company during the year since trading conditions were not suitable for intended trades.

During the year, the company had issued and allotted 250,000 Ordinary Shares aggregating to USD 0.25 Mn to The Great Eastern Chartering LLC (FZC), U.A.E., it's holding company.

GREAT EASTERN CSR FOUNDATION, INDIA

Great Eastern CSR Foundation (Foundation) is a wholly owned subsidiary of your Company which handles the CSR activities of your Company and its subsidiaries. The Foundation received a total contribution of ₹12.81 crores from the Company and Greatship (India) Limited during the year ended March 31, 2018. The Foundation spent ₹10.35 crores on CSR activities during the year.

Details of CSR activities carried out by Great Eastern CSR Foundation are set out in the reports on CSR activities which form part of this Annual Report.

GLOBAL DEPOSITORY RECEIPTS (GDRS)

Considering the low number of GDRs outstanding, the Company decided to terminate the GDR programme and subsequent delisting from Euro MTF Market of Luxembourg Stock Exchange in accordance with the terms of Deposit Agreement with The Bank of New York Mellon, Depository (BNY) and the regulations of Luxembourg Stock Exchange. Accordingly, the GDR programme was terminated and the GDRs were delisted from Euro MTF Market of Luxembourg Stock Exchange with effect from November 20, 2017. Upon such termination, BNY has given delivery of underlying shares upon surrender of GDRs or the net proceeds of sale of the underlying shares to the GDR holders.

DEBT FUND RAISING

During the year, the Company issued 3,000 Non-convertible Debentures of ₹10,00,000 each, aggregating to ₹300 crore with the object of refinancing existing debt, funding the capital expenditure requirements and general corporate purposes of the Company.

The Company redeemed Non-convertible Debentures aggregating to ₹185 crore during the year.

The gross debt : equity ratio as on March 31, 2018 was 0.81:1(0.91:1 including effect of currency swaps on rupee debt) and the debt : equity ratio net of cash and cash equivalents was 0.30:1(0.40:1 including effect of currency swaps) on standalone basis.

QUALITY, SAFETY, HEALTH & ENVIRONMENT

High levels of safety on board the assets has been maintained during the year on Company's vessels by continued efforts of the seafarers and the office staff. This requirement continues to be emphasised during the scheduled meetings with the management level floating staff and the Company's top management. Lost Time due to Injury (LTI) to 3.19 per million exposure hours is slightly more than the Company's KPI of 2.0, while Total Recordable Case Frequency (TRCF) to 4.73 per million exposure hours is around the KPI of 4.80.

Oil Companies International Marine Forum (OCIMF) had extensively revised their quality requirements tool - Tanker Management and Self Assessment (TMSA) programme and compliance with these amended quality requirements (TMSA 3) had to be completed by 31st December 2017. The Company had completed the transition and has subsequently been audited to the new requirements of TMSA 3 by two oil majors.

The Company has also commenced benchmarking its fleet against its performance in environmental performance, energy efficiency and technical performance against vessels of other companies through an industry based data base made available by the Baltic and International Marine Council (BIMCO).

To ensure that the assets are maintained in good condition, the Company carried out additional inspections of vessels. The Company's assets continued to perform well during oil major inspections. It was also ensured that new acquisitions into the fleet were taken into the Company's quality management system seamlessly during the fleet expansion phase of the Company.

TRAINING AND ASSESSMENT

Training and Assessment is a newly formed department, fully operational for the last one year. Prime aim of this department is to create a pool of competent, well trained and confident seafarers for the fleet vessels.

This department moved to the newly acquired training centre at Worli in October 2017.

In Jan 2018, a full mission Bridge Simulator, Steering Simulator and ECDIS (Electronic Chart Display and Information System) Simulators were installed and subsequently approval of classification society DNV-GL was obtained. At this training centre, LVHS (Large Vessel Handling Simulator) courses, ECDIS Type Specific courses (Make: TRANSAS & JRC) and Steering Tests are being conducted for seafarers.

In addition to the above, seafarers undergo various on-shore training at prestigious maritime training institutes in India and also on-board training by seasoned maritime professionals of the industry.

With such arrangements in place, the Company is very much hopeful to achieve the goal of placing competent, well trained and motivated complement on board its fleet vessels to operate them, in the most efficient and safe manner.

IT INITIATIVES

In this financial year, IT has focused on the following major initiatives:

CYBER SECURITY

In recent times, cyber threats have come to the fore, and the shipping industry has been a new target area for cyber attackers. Last year, the Company assessed the threats to its computer network. This year the Company implemented almost all the measures recommended, both in the office and on board its ships. The Company also commissioned an independent cyber security organization to carry out an ethical hacking exercise of its on-board computer systems to assess their vulnerability.

While the on-board systems proved to be robust, the Company is in the process of implementing a few more measures on board to ensure that the computer systems are even better protected.

The Company understands that building protection against cyber threats is a journey rather than a destination, and that the Company will have to continuously update its systems to deal with new developments.

The Company also runs a regular awareness program on cyber security for all employees both on ship and ashore.

DIGITAL TRANSFORMATION INITIATIVE

The Company has implemented computerized systems to automate the few remaining manual processes, especially for business functions. Many mobile apps have been implemented, and these have brought significant amount of flexibility among employees in their day to day operations.

HUMAN RESOURCES

The expansion of the fleet during the year necessitated additional human resource requirements both for floating and shore staff. Market correction of compensation for Top 4 ranks along with introduction of performance incentive scheme for Master and Chief engineer enabled to attract and retain shipping talent. The recruitment process for floating staff was streamlined to improve effectiveness of hiring.

The Company continued to invest in its people through various developmental programs like Business Simulation, Critical thinking , Mentoring and Leadership. Engagement initiatives like Quiz, Marathon and Town Hall continued to attract employee participation. The percentage of actively engaged employees has shown a significant increase in the Coffman engagement survey. Most of the survey parameters reflected a positive picture about the Company.

Shore staff Attrition stood at a healthy 4 % during the fiscal year. Total number of permanent shore staff and floating staff was 212 and 804 respectively.

GREAT EASTERN INSTITUTE OF MARITIME STUDIES (GEIMS)

The Great Eastern Institute of Maritime Studies, Lonavla (GEIMS) has trained 3463 cadets since inception. These cadets, upon passing out, serve on merchant ships as Nautical Officers, Graduate Marine Engineers and Electro-Technical Officers. About 50% of the passed out cadets serve on the Company's vessels whereas almost 70% of the Officers on the Company's vessels have been trained at GEIMS. This percentage will increase in the next few years. The first General Purpose Rating (GP Rating) batch of trainees successfully passed at GEIMS in July 2017. After successful completion of their training, 34 trainees are placed on Company's vessels.

For the first time GEIMS has inducted seven Angolan cadets (including two female cadets) to be trained as Electro-Technical officers.

During the last Annual Comprehensive Inspection Programme (CIP) conducted under the enhanced guidelines of DG Shipping, GEIMS has improved on its earlier score and was once again awarded Grade A1 (Outstanding). This gradation places GEIMS as one of the premier Maritime Training Institutes in the country and confirms the high level of compliance with all Merchant Shipping rules and associated orders, circulars and guidelines issued by DG Shipping from time to time.

To further enhance training at the Institute, GEIMS has installed a full size forecastle of a ship procured from the shipbreaking yard at Alang. This will provide hands-on training to trainees on aspects of seamanship, anchor operations, navigational lights, electrical and hydraulics machinery and ship construction.

Also, a Modern Bridge Simulator, encompassing the current technologies and types and sizes of ships, has been set-up in the campus for practical training of nautical officers. An advanced Electrical and Control Laboratory is being set up for training of Engineering and Electro-Technical officers at GEIMS.

Forty computer work stations have been included in the Institute library to enable trainees to browse the digital library for technical reference.

Above training facilities have been included in the campus in addition to the already existing "Centers of Excellence" for marine boiler and high voltage simulation and a fully functional marine diesel engine.

To enhance the security within the campus, 29 high resolution CCTV cameras have been mounted at vulnerable locations. Also, as per DG shipping requirement, in order to ensure the required attendance of lectures by all trainees, biometric recording has been initiated at the entrance of each classroom.

CORPORATE SOCIAL RESPONSIBILITY

The Company has always been conscious of its role as a good corporate citizen, and strives to fulfill this role by running its business with utmost care for the environment and all the stakeholders. The Company looks at Corporate Social Responsibility (CSR) activities as significant tool to contribute to the society.

The Board of Directors of the Company has constituted a Committee of Directors, known as the Corporate Social Responsibility Committee, comprising of Mr. Vineet Nayyar (Chairman), Mr. Cyrus Guzder and Mr. Bharat K. Sheth to steer its CSR activities.

Copy of the Corporate Social Responsibility Policy of the Company as recommended by the CSR Committee and approved by the Board is enclosed as 'Annexure A'. The CSR Policy is also available on the website of the Company : www. greatship.com.

The CSR Policy is implemented by the Company through Great Eastern CSR Foundation, a wholly owned subsidiary of the Company, specifically set up for the purpose.

The Annual Report on CSR activities is enclosed herewith as "Annexure B".

DIRECTORS

Mr. G. Shivakumar shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Necessary resolution for re-appointment of Mr. G. Shivakumar has been included in the Notice convening the ensuing Annual General Meeting.

As per the provisions of the Companies Act, 2013, Independent Directors have been appointed for a period of five years and shall not be liable to retire by rotation. The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The policies on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Directors, and also remuneration for key managerial personnel and other employees are enclosed herewith as Annexure 'C' and 'D'.

During the year, Mr. Bharat K. Sheth, who is also a Non-Executive Chairman of Greatship (India) Ltd. (GIL), a wholly owned subsidiary of the Company, was in receipt of commission of ₹13,000,000 from GIL.

The details of remuneration as required to be disclosed pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure 'E'.

BOARD MEETINGS

During the year, 5 meetings of the Board were held. The details of Board meetings as well as Committee meetings are provided in the Corporate Governance Report.

BOARD EVALUATION

Annual performance evaluation of Board, its committees (namely, Audit, Nomination and Remuneration, Corporate Social Responsibility and Stakeholders' Relationship Committees) and all the Directors individually has been done in accordance with the Performance Evaluation Framework adopted by the Nomination and Remuneration Committee of the Company. The Performance Evaluation Framework sets out the performance parameters as well as the process for performance evaluation to be followed. During the year, the Performance Evaluation Framework was revised to elaborate the evaluation parameters and process in line with the Guidance Note on Board Evaluation issued by SEBI vide its circular dated January 05, 2017.

In accordance with the new Performance Evaluation Framework, performance evaluation forms were circulated to all the Directors to record their evaluation of the Board, its Committees and Non-executive Directors of the Company. The performance evaluation of the Company and Executive Directors was done on the basis of presentation made by the management.

Pursuant to the provisions of the Companies Act, 2013, a separate meeting of Independent Directors reviewed performance of the Company, Board as a whole and Non-Independent Directors (including Chairman) of the Company.

The Board of Directors reviewed the performance of Independent Directors and Committees of the Board. Nomination and Remuneration Committee also reviewed performance of the Company and every Director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 (3) of the Companies Act, 2013, the Board of Directors hereby state that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such 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 and loss of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis; and

e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. A separate report on Corporate Governance is provided together with a Certificate from the practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations.

The extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed herewith as Annexure 'G'.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

With a view to create safe workplace, the Company has formulated and implemented Sexual Harassment (Prevention, Prohibition and Redressal) Policy in accordance with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. For the purpose of handling and addressing complaints regarding sexual harassment, the Company has constituted Internal Complaint Committee with an external lady representative (who has the requisite experience in this area) as a member of the Committee. To build awareness in this area, the Company also conducts awareness programmes within the organisation.

During the year, no complaints with allegations of sexual harassment were received by the Company.

VIGIL MECHANISM

The Company has established a vigil mechanism (Whistle Blower Policy) for Directors and employees to report genuine concerns. The Whistle Blower Policy provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

A copy of the Whistle Blower Policy is available on the website of the Company: www.greatship.com

RELATED PARTY TRANSACTIONS

The Company has formulated policy on dealing with Related Party Transactions, a copy of which is available on the website of the Company: www. greatship.com

The particulars of contracts or arrangements with related parties in Form AOC 2 is annexed herewith as "Annexure F".

All the related party transactions have been entered into by the Company in the ordinary course of business and on arm's length basis.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy of the Company is enclosed as 'Annexure H'. The Dividend Distribution Policy is also available on the website of the Company : www. greatship.com.

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

CONSERVATION OF ENERGY

In order to contribute to and prepare for a low carbon future, your Company has been undertaking various initiatives with regard to enhancing energy efficiency in its business operations.

ENERGY SAVING DEVICES

During the financial year under consideration, following Energy Saving Devices were retrofitted for reducing fuel consumption of main propulsion system:

a) Jag Aparna, Jag Rishi, Jag Prakash, Jag Pushpa, Jag Aanchal and Jag Prerana were retrofitted with Propeller Boss Cap Fins / EcoCap, a device which improves propulsive efficiency. The propeller's rotational motion forms a strong vortex at the center, which causes overall loss of propulsive efficiency. The finned features of a PBCF-EcoCap break up this vortex, thereby reducing the loss of energy.

   Total cost incurred on above six ships: USD 354,293.

b) For a typical Bulk Carrier or Tanker, loss of energy through hull resistance is around 30% and this increases with growth of hull roughness due to bio-fouling. To minimize growth of bio-fouling, the Company has applied superior anti-fouling coatings on Jag Laadki, Jag Prakash, Jag Pushpa and Jag Prerana during their respective dry dockings during the financial year.

   The additional cost incurred for application of the superior anti-fouling coatings was USD 669,038.

During the financial year saving of USD 1.77 Mn was achieved in fuel cost from energy saving retrofits and use of superior anti-fouling hull coatings alone. This fuel saving also resulted in reduction of CO_2 emission by 15,771 MT.

TECHNOLOGY ABSORPTION

Your Company has identified and absorbed several technologies on fleet vessels. These are reflected in paragraphs above.

COMPLIANCE WITH EU MRV (MONITORING, REPORTING, VERIFICATION) REGULATION

With effect from 1st January 2018 all vessels above GT 5000 engaged in carrying cargo to and from and within European Union (EU) ports are mandatorily required to report their fuel consumption, CO_2 emission and certain other parameters pertaining to work done during such voyages to European Commission as per their Regulation (EU) 2015/757 (on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport) annually. Your Company has developed ship specific required Monitoring Plans which describes the procedure of collection, quality control, storage and transmission of relevant data and the same have been approved by accredited Verification Body. Data for the first calendar year 2018 duly reviewed by Verification Body will have to be submitted to EC by 30th April 2019.

QUANTIFICATION AND REPORTING OF GREENHOUSE GAS (GHG) EMISSION

Since FY 2015-2016, your Company has started to capture and quantify GHG emission from its business operations in a transparent and standardized manner for the information of stakeholders of the Company on a voluntary basis. The GHG emission quantification and reporting has been done taking into account:

- ISO 14064-1 (2006) "Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and

• The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (revised edition) published by World Business Council for Sustainable Development and World Resources Institute.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange Earnings and Outgo are as follows:

(₹ in crores)

a)	Foreign Exchange earned on account of freight, charter hire earnings, etc.	1132.03
b)	Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships (net of loan), interest payment, etc.	2183.27

AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013, Deloitte Haskins & Sells LLP were appointed as the Statutory Auditors of your Company to hold office until the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2022.

The Report given by the Auditors on the financial statements of the Company is part of this Report. There has been no qualification, adverse remark or disclaimer given by the Auditors in their Report.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company appointed M/s. Mehta & Mehta, Company Secretaries to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2018.

The Secretarial Audit Report is annexed herewith as "Annexure I".

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 through their dedicated services to the Company. Your Directors look forward to their continued support.

For and on behalf of the Board of Directors

K.M. Sheth
Chairman
(DIN : 00022079)

Mumbai, May 04, 2018