

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board consisted of 11 Directors as on March 31, 2003.

Composition, Category of Directors and other Directorship details are as follows :

Category	Name of Director & Designation	No. of other Directorships and Committee membership/Chairmanship			
		Public Co.	Pvt. Co. membership	Committee Chairmanship	Committee
Promoter Executive Directors	Mr. K.M. Sheth, Executive Chairman	1	–	–	–
	Mr. S.J. Mulji, Executive Dy. Chairman	5	–	–	–
	Mr. Vijay K. Sheth, Managing Director	5	9	–	–
	Mr. Bharat K. Sheth, Managing Director	4	–	–	–
Promoter Non-Executive Director	Ms. Asha V. Sheth	–	3	–	–
Independent Non-Executive Directors	Mr. R.N. Sethna	6	1	6	2
	Mr. A.K. Parikh	1	–	–	–
	Mr. Manu Shroff	7	–	9	3
	Mr. T.N. Pandey	1	–	3	2
	Mr. Keki Mistry*	13	1	10	1
	Mr. Cyrus Guzder*	11	10	8	4

* Consequent to the sad demise of Mr. K.P. Byramjee on December 24, 2002 the composition of the independent Directors fell below the required number of independent Directors (50%). The Board of Directors of the Company fulfilled the requirement by appointing 2 independent Directors namely Mr. Keki Mistry and Mr. Cyrus Guzder on March 14, 2003.

The attendance of the Directors of the Company at the Board meetings and Annual General Meeting are as follows :

Director	No. of Meetings		Attended last AGM **
	Held *	Attended	
Mr. K.M. Sheth	13	13	Yes
Mr. S.J. Mulji	13	5	No
Mr. R.N. Sethna	13	12	Yes
Mr. A.K. Parikh	13	12	Yes
Mr. Manu R. Shroff	13	13	Yes
Mr. T.N. Pandey	13	11	Yes
Ms. Asha V. Sheth	13	10	No
Mr. K.P. Byramjee ***	13	9	Yes
Mr. Vijay K. Sheth	13	13	Yes
Mr. Bharat K. Sheth	13	13	Yes
Mr. Keki Mistry @	13	1	No
Mr. Cyrus Guzder @	13	1	No

* The Board of Directors met 13 times during the year on the following dates :

April 12, 2002, April 30, 2002, June 14, 2002, July 30, 2002, August 30, 2002, September 30, 2002, October 29, 2002, November 21, 2002, December 02, 2002, December 20, 2002, January 16, 2003, February 04, 2003 and March 14, 2003.

** Annual General Meeting (AGM) held on July 25, 2002.

*** Mr. K.P. Byramjee attended 9 out of 10 meetings held upto the date of his sad demise on December 24, 2002. He also attended the last AGM.

@ Mr. Keki Mistry and Mr. Cyrus Guzder were appointed at the Board meeting held on March 14, 2003, which they attended.

3. AUDIT COMMITTEE

A) Terms of Reference

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on :
 - Any Change in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company or material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function.
- f) Discussion with internal auditors on any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

B) Composition of Audit Committee (As on March 31, 2003)

The Audit Committee comprises of the following Non-Executive independent Directors namely : -

- (1) Mr. T.N. Pandey - Chairman
- (2) Mr. R.N. Sethna
- (3) Mr. Manu R. Shroff

Mr. K.P. Byramjee was a member of this committee till the date of his sad demise on December 24, 2002

C) The Committee met 7 times on April 30, 2002, June 14, 2002, July 30, 2002 (which was adjourned to July 31, 2002) October 29, 2002, November 21, 2002, January 16, 2002 and March 14, 2003 during the financial year 2002-03 and the attendance of the members of the Committee were as follows :

Director	No. of Meetings	
	Held	Attended
Mr. R.N. Sethna	7	6
Mr. K.P. Byramjee	7	4 *
Mr. Manu R. Shroff	7	7
Mr. T.N. Pandey	7	6

* Mr. K.P. Byramjee attended 4 meetings out of 5 meetings held prior to his sad demise on December 24, 2002.

4. REMUNERATION COMMITTEE

A) Terms of Reference

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

B) Composition of the Committee (As on March 31, 2003)

The Remuneration Committee comprises of the following Directors namely :

- (1) Mr. R.N. Sethna - Chairman
- (2) Mr. A.K. Parikh
- (3) Mr. T.N. Pandey
- (4) Mr. Manu R. Shroff

Mr. K.P. Byramjee was a member of this committee till the date of his sad demise on December 24, 2002

C) Attendance during the year

The Committee met 3 times on April 11, 2002, April 30, 2002 and June 07, 2002 during the financial year 2002-2003 and the attendance of the members of the Committee were as follows :

Director	No. of Meetings	
	Held	Attended
Mr. R.N. Sethna	3	3
Mr. K.P. Byramjee *	3	3
Mr. A.K. Parikh	3	3
Mr. T.N. Pandey	3	3
Mr. Manu R. Shroff	3	3

* Ceased to be a member from December 24, 2002

D) Remuneration Policy

The Remuneration Committee of the Board constituted in compliance with the SEBI guidelines has framed the compensation structure for the working Directors and the Committee reviews the same from time to time based on certain performance parameters, growth in business as well as profitability and in line with the best practices prevailing in the industry.

E) Details of Remuneration paid to all Directors

I) Wholetime Directors

The details of payment to the Wholetime Directors for the financial year 2002-03 are given below :

Wholetime Director	Salary (Rs.)	Commission (Rs.)
Mr. K.M. Sheth	77,15,022	NIL
Mr. S.J. Mulji	69,13,062	NIL
Mr. Vijay K. Sheth	68,91,416	60,00,000
Mr. Bharat K. Sheth	69,38,513	60,00,000
Total	2,84,58,013	1,20,00,000

Notes : (a) Commission is paid as determined by the Remuneration Committee based on certain performance parameters and profitability of the Company.

(b) Presently, the Company does not have a scheme for grant of stock options either to the Wholetime Directors or employees.

II) Non-Wholetime Directors

The details of payment to Non-Wholetime Directors for the financial 2002-03 are given below:

Non-Executive Director	Sitting Fees (in Rs.)	Commission (in Rs.)
Mr. Rusi N. Sethna	1,15,000	500,000
Mr. K.P. Byramjee	95,000	500,000
Mr. A.K. Parikh	85,000	500,000
Mrs. Asha V. Sheth	50,000	500,000
Mr. Manu Shroff	1,30,000	500,000
Mr. T.N. Pandey	1,15,000	500,000
Mr. Cyrus Guzder	5000	50,000
Mr. Keki Mistry	5000	50,000
Total	6,00,000	31,00,000

- Note : 1) Sitting Fees include sitting fees for attending Committee meetings,
2) Commission is paid as determined by the Board of Directors based on the profitability of the Company.

5. SHAREHOLDER/INVESTOR GRIEVANCE COMMITTEE

A) Terms of Reference

The Company has formed an Investors / Shareholders Grievance Committee with the following terms of reference :

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

B) Composition of the Committee (As on March 31, 2003)

The Committee comprises of the following Directors namely :

- (1) Mr. T.N. Pandey – Chairman
- (2) Mr. R.N. Sethna
- (3) Mr. A.K. Parikh
- (4) Mr. Manu R. Shroff

Mr. K.P. Byramjee was a member of this committee till the date of his sad demise on December 24, 2002
Compliance Officer – Mr. Jayesh M. Trivedi, Company Secretary.

C) During the year under review, 679 complaints were received from investors which were replied/resolved to the satisfaction of the investors. 3 complaints required reference to old records and hence were resolved beyond a period of 30 days.

11 requests for transfer and 268 requests for dematerialisation were pending for approval as on March 31, 2003. These pending requests were duly approved and dealt with by the Company.

6. GENERAL MEETING

Details on Annual General Meetings

a) Location and time, where Annual General Meetings held in last 3 years:

Date & Year	Time	Location
July 25, 2002	3.00 p.m.	Nehru Centre, Dr. A.B. Road, Worli, Mumbai – 400 018
July 26, 2001	3.00 p.m.	Nehru Centre, Dr. A.B. Road, Worli, Mumbai – 400 018
August 30, 2000	3.00 p.m.	Chavan Centre, Gen. Jagannath Bhosle Marg, Mumbai – 400 021

b) Whether special resolutions were put through postal ballot last year? No

c) Are votes proposed to be conducted through postal ballot this year? No special resolution requiring Postal Ballot is proposed at the ensuing Annual General Meeting.

7. DISCLOSURES

a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

There is no material transactions with any related party which may have potential conflict with the interests of the Company at large. However the Company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transaction entered into with them.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture been imposed by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last 3 years.

8. MEANS OF COMMUNICATION TO SHAREHOLDERS:

Timely disclosure of information on business and financial performance of the Company is an integral part of good governance.

Your Company disseminates information about its operations, business and financial performance to stock exchanges, media, shareholders, analysts and society at large. The Quarterly/Half yearly results were announced within a period of 30 days of the end of each quarter while the audited results were announced within 33 days of the end of the financial year. The particulars of your Company, its business and operations are available on the corporate website www.greatship.com.

The results were published, inter alia, in “The Economic Times”, “Free Press”, “Hindu Business Line”, (English) and “Maharashtra Times/ Navshakti” (vernacular) from Mumbai and on all India basis in “Business Standard” (English). These newspapers have been selected on the basis of their circulation and in the areas where vast majority of our Shareholders are located.

Regular updates and developments impacting the business and financials together with data on shareholding pattern etc. are also notified to the stock exchanges – The Stock Exchange, Mumbai & The National

Stock Exchange in India and Luxembourg Stock Exchange. Same information is also shared with media and the investor community. SEBI has launched the Electronic Data Information Filing and Retrieval System (EDIFAR), wherein your Company has been posting the information related to the financial results, shareholding pattern and the disciplinary action, if any, initiated against your Company by any regulatory authority on the website called www.sebiedifar.nic.in.

Your Company's official Press Releases are also available and archived on the corporate website www.greatship.com. Presentation made to analysts, institutional investors and the media on May 2, 2003, the day of the declaration of the Annual Results for FY 03 have been posted on the website.

The Board Report deals with all matters stipulated under the Management Discussion and Analysis Report.

9. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting

Date : Thursday, July 24, 2003
Time : 3.00 p.m.
Venue : Rama Watumal Auditorium
K.C. College,
Churchgate, Mumbai - 400 020

b) Financial Calendar

(April 1, 2003 - March 31, 2004) : i) 55th Annual General Meeting - July 24, 2003
ii) 1st Quarterly result - Last week of July 2003
2nd Quarterly Result - Last week of October, 2003
3rd Quarterly Result - Last week of January 2004.
4th Quarterly Result - Last week of April 2004.

c) Book Closure date : Thursday, July 17, 2003 to Thursday, July 24, 2003
(both days inclusive)

d) Dividend Payment Date : On or after July 29, 2003

e) Listing on Stock Exchanges : Equity Shares are listed on the following Stock Exchanges :

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400001.

National Stock Exchange of India Ltd.

"Exchange Plaza",
Bandra-Kurla Complex, Bandra(E),
Mumbai - 400 051.

Global Depository Receipt listed on

Luxembourg Stock Exchange.

Kredietbank S.A. Luxembourgeoise
Societe Anonyme, 43,
Boulevard Royal, L-2955

Luxembourg, R.C. Luxembourg B 6395.

Preference Shares listed on the Mumbai & National
Stock Exchange

Non-convertible Debenture (All series) :

Wholesale Debt Market, National Stock Exchange.

The Company has paid the Annual Listing fee to each
of the Stock Exchanges

- f) Stock Code : Equity - BSE 500620
NSE EQ GE SHIPPING
Preference - BSE 700075, 76
NSE P5 05 & P6 06
- g) ISIN No. Equity - INE 017A01024
Preference - INE 017A04051
INE 017A04069
- h) Market Price Data : As per Appendix A
- i) Stock performance in Comparison to BSE Sensex : As per Appendix B
- j) Registrar and Transfer Agents : Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East)
Mumbai - 400 099
Tel. : 022 - 28215168
022 - 28329828
Fax : 022 - 28375646
Email : sharepro@bom7.vsnl.net.in
- k) Share Transfer System
- Share Transfer requests received in physical form is registered within an average period of 15 days. A Share Transfer Committee comprising of members of the Board meets once in a week to consider the transfers of shares.
- Request for dematerialisation(demat) received from the shareholders are effected within an average period of 15 days.
- The Company has, as per SEBI guidelines with effect from March 24, 2000, offered the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant(DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Company alongwith the option letter issued by the Company. On receipt of the same, the Company dematerialise the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will despatch the share certificates after 15 days from the date of such option letter. The same system has also been adopted for the transfer of Non-Convertible Debentures.
- l) Distribution of shareholding & Shareholding pattern : As per Appendix "C" & "D"

- m) Dematerialisation of shares : 15,69,78,246 equity shares which is 82.48% of the paid-up capital as on March 31, 2003 has been dematerialised.
- n) Outstanding GDR's : 4,04,967 GDR's are outstanding as on March 31, 2003
- o) Plant Location : The Company has no plants.
- p) Address for correspondence
With the Company : Share Department
Ocean House
134/A, Dr. Annie Besant Road,
Worli, Mumbai – 400 018
Tel. : 022-56613000
022-24922200
Fax : 022-24925900
Email : shares@greatship.com
- With the Registrar : Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East)
Mumbai – 400 099
Tel : 022-28215168
022-28329828

ADDITIONAL SHAREHOLDERS INFORMATION

1. Unclaimed Dividends :

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years automatically get transferred to the Investor Education and Protection Fund administered by the Central Government. Table 1 gives the dates of dividend declaration or payment since 1996 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1996.

TABLE – 1

DATES OF TRANSFERING UNCLAIMED DIVIDEND TO THE CENTRAL GOVERNMENT				
Year	Dividend No.	Type	Date of Declaration	Date of Proposed Transfer to Central Government
1996	42	Final	26-Sep-96	07-Nov-03
1997	43	Final	18-Aug-97	29-Sep-04
1998	44 I	Interim	22-Jan-98	05-Mar-05
1998	44 F	Final	03-Aug-98	14-Sep-05
1999	45	Final	30-Jul-99	10-Sep-06
2000	46 I	Interim	23-Mar-00	04-May-07
2001	47	Final	26-Jul-01	25-Aug-08
2002	48	Final	25-Jul-02	24-Aug-09

TABLE - 2

UNCLAIMED DIVIDEND AS OF MARCH 31, 2003								
Year	Dividend No.	Type	No of warrants issued	No of warrants unclaimed	% Unclaimed	Amount of dividend (Rs. lakhs)	Dividend Unclaimed (Rs. lakhs)	% Unclaimed
1996	42	Final	208403	9006	4.32	5142	25.07	0.48
1997	43	Final	205106	10687	5.21	8626	41.42	0.48
1998	44 I	Interim	201942	13468	6.67	7189	41.87	0.58
1998	44 F	Final	204276	13206	6.46	4313	23.59	0.54
1999	45	Final	199211	12772	6.41	5751	35.76	0.62
2000	46 I	Interim	188606	10380	5.50	3883	27.43	0.70
2001	47	Final	160040	11703	7.70	5937	49.68	0.84
2002	48	Final	159175	11926	7.49	6981	70.28	1.00

2. Electronic Clearing Services (ECS) for payment of dividend : ECS facility is presently available at Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune. To avoid the risk of loss / interception of dividend warrants in postal transit and/or fraudulent encashment, shareholders are requested to avail of ECS facility –where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. The ECS applications form can be obtained either from Registrars Office or the Registered Office of the Company.

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

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

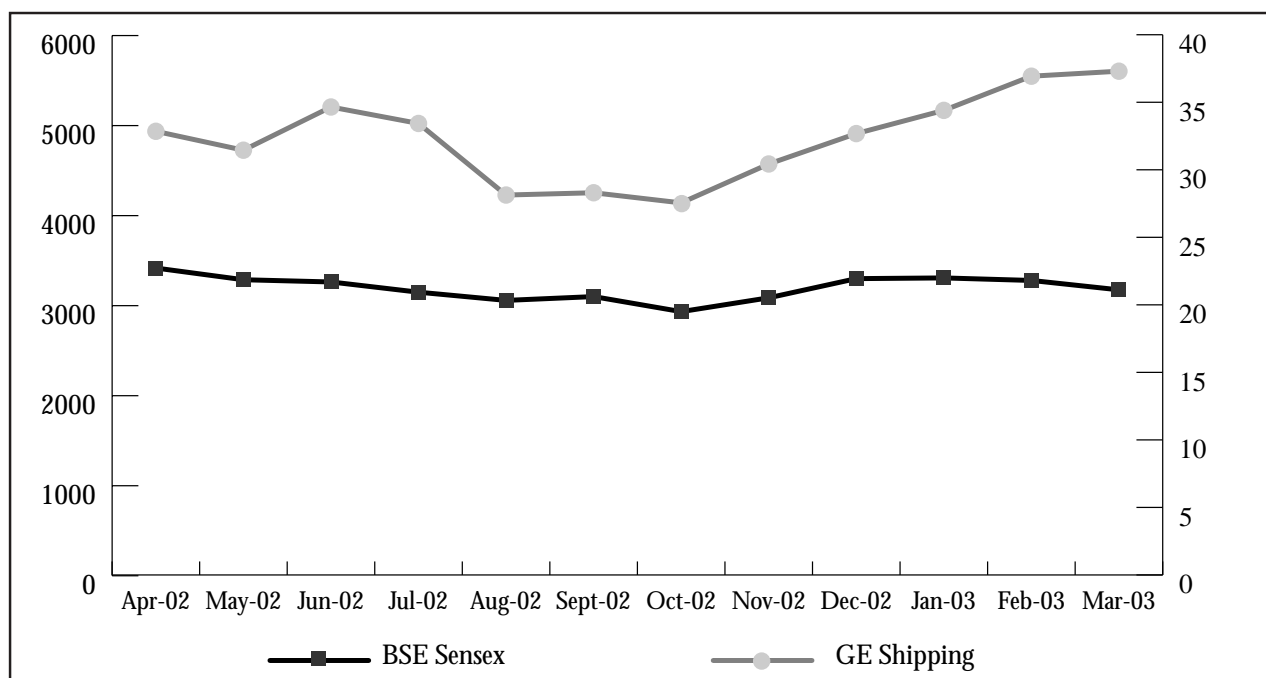
APPENDIX – A

MARKET PRICE DATA-HIGH/LOW DURING EACH MONTH IN THE YEAR 2002-03

Month	Market Prices (Rs.)		
	Highest	Lowest	Volume
April 2002	35.50	30.20	1,56,92,175
May 2002	34.60	28.30	22,78,609
June 2002	40.90	28.40	98,26,777
July 2002	40.80	26.05	30,33,583
August 2002	29.90	26.35	9,19,925
September 2002	29.60	27.00	5,82,533
October 2002	29.10	26.00	6,81,975
November 2002	32.60	28.25	13,15,047
December 2002	34.20	31.15	13,51,928
January 2003	36.45	32.35	37,12,445
February 2003	39.75	34.10	35,11,572
March 2003	39.00	35.60	19,60,253

APPENDIX – B

COMPANY SHARE PRICES COMPARED TO BSE SENSEX



APPENDIX – C

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2003

No. of equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	125243	82.14	1,88,81,119	9.90
501 to 1000	13576	8.90	98,73,476	5.19
1001 to 2000	6806	4.46	97,86,385	5.14
2001 to 3000	2327	1.53	57,59,091	3.03
3001 to 4000	1188	0.78	41,01,611	2.16
4001 to 5000	786	0.52	36,10,681	1.90
5001 to 10000	1333	0.87	94,92,160	4.99
10001 and above	1217	0.80	12,88,22,492	67.69
Total	152476	100.00	19,03,27,015	100.00

APPENDIX – D

SHAREHOLDING PATTERN AS ON MARCH 31, 2003

Category	No of shares held	% of shareholding
1. Promoters	4,73,40,277	24.87
2. Directors other than Promoters	82,158	0.04
3. Foreign Institutional Investors	5,18,205	0.27
4. International Finance Corporation	1,316	0.00
5. Global Depository Receipts	20,24,834	1.06
6. Foreign Holding	14,43,232	0.76
7. Govt/Financial Institutions	3,47,35,625	18.25
8. Bodies Corporate	1,72,29,587	9.05
9. Resident Individuals	8,69,51,781	45.70
Total	19,03,27,015	100.00

To The Members of
The Great Eastern Shipping Co. Ltd.

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by The Great Eastern Shipping Co. Ltd., for the year ended on March 31, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of procedures and implementation thereof adopted by the Company for ensuring the compliances of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made to us by the Directors and the management, we certify that except for the period December 25, 2002 to March 14, 2003 when the number of Independent Directors was less than one-half of the composition of the board due to the demise of an Independent Director, which requirement was dealt with by appointment of two Independent Directors on March 14, 2003, the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that as per the records maintained by the Registrars and Share Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee, three investor grievances received during the year ended March 31, 2003 were remaining unattended/pending against the Company for a period exceeding thirty days which as on date stands resolved.

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Sd/-

Partner

Mumbai, June 10, 2003