

# 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 a way that would build the confidence of its various stakeholders in it, and its Board's integrity.

## 2. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of Executive and Non Executive Directors and comprises of 11 Directors as on March 31, 2006 of which 7 are Non Executive Directors. As the Company has an Executive Chairman, 50% of the Board should comprise of Independent Directors. Accordingly the Company has 6 Independent Directors.

During the year ended March 31, 2006, 12 Board Meetings were held on April 5, 2005, April 29, 2005, June 24, 2005, July 28, 2005, August 12, 2005, August 31, 2005, September 15, 2005, October 27, 2005, November 17, 2005, December 9, 2005, January 30, 2006 and March 18, 2006.

The composition of the Board, attendance at Board and Annual General Meetings, Number of Directorships, Memberships/Chairmanships in public companies and the shareholding of the Non Executive Directors in the Company are as follows:

Name of Director	Category	FY 2005-06 Attendance at		As on March 31, 2006			Shareholding of the Non Executive Directors in the Company as on March 31, 2006
		BM	AGM	No. of other Director-Ships ##	Committee Positions @		
					Member	Chairman	
Mr. K. M. Sheth	Promoter, Executive Chairman	12	Yes	1	—	—	—
*Mr. S. J. Mulji	Promoter, Executive Deputy Chairman	2	No	—	—	—	—
Mr. Bharat K. Sheth	Promoter, Dy. Chairman & Managing Director	12	Yes	2	—	—	—
**Mr. Vijay K. Sheth	Promoter, Managing Director	12	Yes	6	—	—	—
#Mr. Ravi K. Sheth	Promoter, Executive Director	2	N.A.	4	—	1	—
Ms. Asha V. Sheth	Promoter, Non Executive Director	11	Yes	—	—	—	29,43,473
Mr. R. N. Sethna	Non Executive Independent Director	10	Yes	5	1	2	38,070
Mr. Manu Shroff	Non Executive Independent Director	12	Yes	2	3	—	8,016
Mr. T. N. Pandey	Non Executive Independent Director	10	Yes	1	—	—	513
Mr. Keki Mistry	Non Executive Independent Director	8	Yes	11	6	2	802
Mr. Cyrus Guzder	Non Executive Independent Director	9	Yes	6	1	2	1,473
Mr. Vineet Nayyar	Non Executive Independent Director	8	No	7	—	—	28,757

\* Expired on July 15, 2005.

\*\* The services of Mr. Vijay K. Sheth have been transferred to Great Offshore Limited with effect from October 16, 2006 in terms of the Scheme of Arrangement and hence since that date he ceases to be a director of the Company.

# Appointed as Additional Director and designated as Executive Director on January 30, 2006.

## excludes directorships in private limited companies.

@ includes memberships of Audit and Shareholders Grievance Committees. Membership does not include Chairmanship of Committees.

Mr. Cyrus Guzder, Mr. Keki Mistry and Mr. T. N. Pandey are liable to retire by rotation and are eligible for re-election. Mr. T. N. Pandey has expressed his desire not to seek re-election.

Mr. Ravi K. Sheth and Mr. Berjis Desai were appointed as Additional Director at the Board Meeting held on January 30, 2006 and October 27, 2006 respectively. The Company has received notices in writing from members under section 257 of the Companies Act, 1956 proposing their candidature for the Office of Director of the Company.

Attention of the members is invited to the relevant item of the Notice of the Annual General Meeting seeking their approval for the aforesaid appointments. The information as required under Clause 49(IV)(G) of the Listing Agreement is annexed to the Notice of the Annual General Meeting.

### **Code of Conduct**

During the year the Board adopted a Code of Conduct for the Board Members and Senior Management Personnel of the Company. All Personnel to whom the Code is applicable have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2006. A declaration to this effect, duly signed by the Deputy Chairman and Managing Director (CEO), is annexed hereto.

### **Board Meetings**

The Board Meetings at Great Eastern are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All items on the Agenda are backed by comprehensive background information to enable the Board to take informed decision. Agenda papers are generally circulated seven working days prior to the meeting of the Board.

## **3. COMMITTEES**

To focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. The inputs and details required for their decisions is provided by the executives/management. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.

### **A) AUDIT COMMITTEE**

The management is primarily responsible for internal controls and financial reporting process. The Board of Directors have entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain transparency, integrity and quality of financial controls and reporting.

#### **Terms of reference**

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

- Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
  - Any Change in accounting policies and practices.
  - Major accounting entries based on exercise of judgment 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 by the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function.
  - Discussion with internal auditors on any significant findings and follow up thereon.
  - 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.
  - 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.
  - Reviewing the Company's financial and risk management policies.
  - 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.

#### **Composition of Audit Committee**

As on date the Audit Committee comprises of 4 Independent Directors. The Committee met 4 times on April 25, 2005, April 29, 2005, October 27, 2005 and January 30, 2006.

<b>Composition</b>	<b>Mr. Manu Shroff Chairman</b>	<b>Mr. R. N. Sethna</b>	<b>Mr. Keki Mistry</b>
Number of meetings attended	4	4	4

Mr. Cyrus Guzder has been appointed as a member of the Audit Committee w.e.f. April 20, 2006. The Audit Committee Meetings are attended by the President - Corporate, Chief Financial Officer, representatives of Internal Audit Firm and Statutory Auditors. Whenever required, the Managing Directors and other senior officials of the Company are requested to attend the meetings. Mr. Jayesh M. Trivedi, Company Secretary is the Secretary of the Committee.

## B) REMUNERATION COMMITTEE

Terms of reference

The Remuneration Committee is empowered to determine 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.

### Composition of Remuneration Committee

The Committee, which was constituted in the year 2000 comprises of 4 Independent Directors. The Committee met 4 times on April 25, 2005, April 29, 2005, September 15, 2005 and January 27, 2006.

Composition	Mr. Cyrus Guzder Chairman	Mr. R. N. Sethna	Mr. T. N. Pandey	Mr. Manu Shroff
Number of meetings attended	4	4	2	4

Mr. Jayesh M. Trivedi, Company Secretary is the Secretary of the Committee.

### The Remuneration Policy

The Remuneration Committee of the Board is constituted in compliance with SEBI guidelines. The Committee is fully empowered to frame the compensation structure for the Wholetime Directors and review the same from time to time based on certain performance parameters, growth in business as well as profitability and also align the remuneration with the best practices prevailing in the industry.

### Details of Remuneration paid/to be paid to all Directors

Name of Director	Salary* (Rs.)	Benefits (Rs.)	Sitting Fees (Rs.)	Commission (Rs.)
Mr. K. M. Sheth	84,99,996	1,80,055	—	1,20,00,000
Mr. S. J. Mulji **	23,80,644	21,20,053	—	35,00,000
Mr. Bharat K. Sheth	79,99,992	3,74,513	—	2,40,00,000
Mr. Ravi K. Sheth **	8,60,231	—	—	18,00,000
Mr. Cyrus Guzder	—	—	75,000#	***12,50,000
Mr. Keki Mistry	—	—	60,000	***12,50,000
Mr. Vineet Nayyar	—	—	40,000	***12,50,000
Mr. T. N. Pandey	—	—	65,000	***12,50,000
Mr. R. N. Sethna	—	—	95,000#	***12,50,000
Ms. Asha V. Sheth	—	—	60,000	***12,50,000
Mr. Manu Shroff	—	—	1,05,000#	***12,50,000
<b>Total</b>	<b>1,97,40,863</b>	<b>26,74,621</b>	<b>5,00,000</b>	<b>5,00,50,000</b>

\* Salary includes contribution to provident fund and superannuation fund.

\*\* Was on the Board for part of the year.

\*\*\* The Commission to be paid to the Non Whole Time Directors is subject to the approval of the members.

# Includes sitting fees for meeting of the Special Committee of Directors.

- Commission to the Executive Directors is paid as determined by the Remuneration Committee based on certain performance parameters and profitability of the Company and is within the overall limit fixed by the members.
- Commission to the Non Executive Directors is determined after taking into account the valuable guidance of the Directors for the various business initiatives and decisions at the Board level and also the profitability of the Company.
- Presently, the Company does not have a scheme for grant of stock options.
- The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings and payment of commission to them.
- As per the terms of remuneration of the Wholetime Directors approved by the shareholders at the Annual General Meeting held on June 25, 2004 the Remuneration Committee has formulated a Retirement Benefit Scheme for the Wholetime Directors. The Scheme provides for provision of pension, medical reimbursements and other benefits to the retiring Wholetime Directors. Accordingly on the basis of an actuarial valuation an amount of Rs. 242.75 lakhs (previous year Rs. 1259 lakhs) has been provided during the year for pension payable to the Wholetime Directors on their retirement. The Board approved Scheme has been made effective from January 1, 2005.

#### C. SHAREHOLDER / INVESTORS GRIEVANCE COMMITTEE

The Shareholder/Investors Grievance Committee oversees redressal of shareholders and investors grievances.

##### Terms of reference

- ensure redressal of shareholders and investors complaints relating to transfer of shares, non-receipt of balance sheet, etc.
- 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.

##### Composition of the Committee

The Committee, which was constituted in 2000 comprises of 3 Non-Executive Directors of which 2 are Independent Directors.

<b>Mr. T. N. Pandey</b> Chairman	<b>Mr. Cyrus Guzder</b>	<b>Ms. Asha Sheth</b>
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- The Committee met once on April 29, 2005 and all the directors attended the same.
- Mr. Jayesh M. Trivedi, Company Secretary is the Compliance Officer of the Company.
- During the year under review, 90 complaints were received from investors which were replied / resolved to the satisfaction of the investors.
- 27 requests for transfer and 168 requests for dematerialisation were pending for approval as on March 31, 2006. These pending requests were duly approved and dealt with by the Company.

#### 4. RISK MANAGEMENT

During the year the Company initiated a Risk Management (RM) programme for its business risks. Under the guidance of external experts the Company undertook risk assessment and

identification exercise alongwith key managerial personnel of the Company. Under the said process the Company identified risks, put in place RM framework and structured risk assessment and control process. Your Directors believe that the Company has a sound risk assessment and minimisation procedure in place.

## 5. GENERAL MEETING

### Location and time of previous three Annual General Meetings

Date & Year	Time	Location
June 24, 2005	3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020.
June 25, 2004	3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020.
July 24, 2003	3.00 p.m.	Rama Watumal Auditorium, K. C. College, Churchgate, Mumbai 400 020.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by a requisite majority of members attending the meeting. The following are the special resolutions passed at the previous three Annual General Meetings and Extraordinary General Meetings held in the past 3 years.

AGM/EGM held on	Whether Special Resolution Passed	Summary
July 24, 2003	No	N.A.
June 25, 2004	Yes	- Payment of one time commission to Whole Time Directors. - Revision in the remuneration payable to Mr. K. M. Sheth, Executive Chairman.
June 24, 2005	Yes	Revision in the terms of appointment of Mr. Ravi K. Sheth.
November 16, 2005 (EGM)	Yes *  Yes	- Court convened meeting for approving the Scheme of Arrangement being demerger of the Offshore Services Division of the Company into Great Offshore Limited. - Reduction of issued, subscribed and paid up share capital of the Company upon the demerger.

\* *This was passed by a dual majority comprising of more than three-fourth in value and majority in number of shareholders.*

None of the items to be transacted at the ensuing meeting are required to be passed by postal ballot.

## 6. DISCLOSURES

a) There were no transactions 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 the Company at large. However, the Company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transactions entered into with them.
- b) There were no instances of non-compliances nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any statutory authority during the last 3 years on any matter related to capital markets.
  - c) The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest, that could result in a conflict with the interest of the Company, at large.
  - d) The Deputy Chairman and Managing Director (CEO) and the Chief Financial Officer (CFO) have issued a certificate to the Board in compliance with Clause 49 (V) of the Listing Agreement for the Financial Year ended March 31, 2006.

## 7. MEANS OF COMMUNICATION TO SHAREHOLDERS

Half-yearly report sent to each household of shareholders	No, as the Results of the Company are published in the Newspapers and Press Releases are also issued.
Quarterly, half yearly and annual results	Published in The Economic Times, Business Standard, Hindu Business Line, Free Press Journal, Maharashtra Times, Navshakti and DNA.
Whether Company displays official news releases and presentations made to institutional investors or to the analysts on its website	Yes
Whether MD&A is a part of annual report	Yes

### Website of the Company : [www.greatship.com](http://www.greatship.com)

Your Company's official press releases are available and archived on the corporate website [www.greatship.com](http://www.greatship.com). Presentation made to analysts, institutional investors and the media have been posted on the website. The Company held conference calls on declaration of its quarterly results, the transcripts of which have also been posted on the website. The shareholders and general public visiting the website have greatly appreciated the contents and user friendliness of the corporate website.

## 8. SHAREHOLDERS INFORMATION

### Annual General Meeting

<b>Date</b>	December 18, 2006 *
<b>Time</b>	3.00 p.m.
<b>Venue</b>	Rama Watumal Auditorium, K.C. College, Churchgate, Mumbai - 400 020
<b>Dividend Payment Date</b>	The Company do not propose to pay any final dividend for the year 2005-2006.

\* Permission to hold the 58<sup>th</sup> Annual General Meeting beyond September 23, 2006 was obtained from the Registrar of Companies, Mumbai.

## Financial Calendar

1 <sup>st</sup> Quarterly Result	last week of July, 2006
2 <sup>nd</sup> Quarterly Result	last week of October, 2006
3 <sup>rd</sup> Quarterly Result	last week of January, 2007
4 <sup>th</sup> Quarterly Result	last week of April, 2007/first week of May 2007

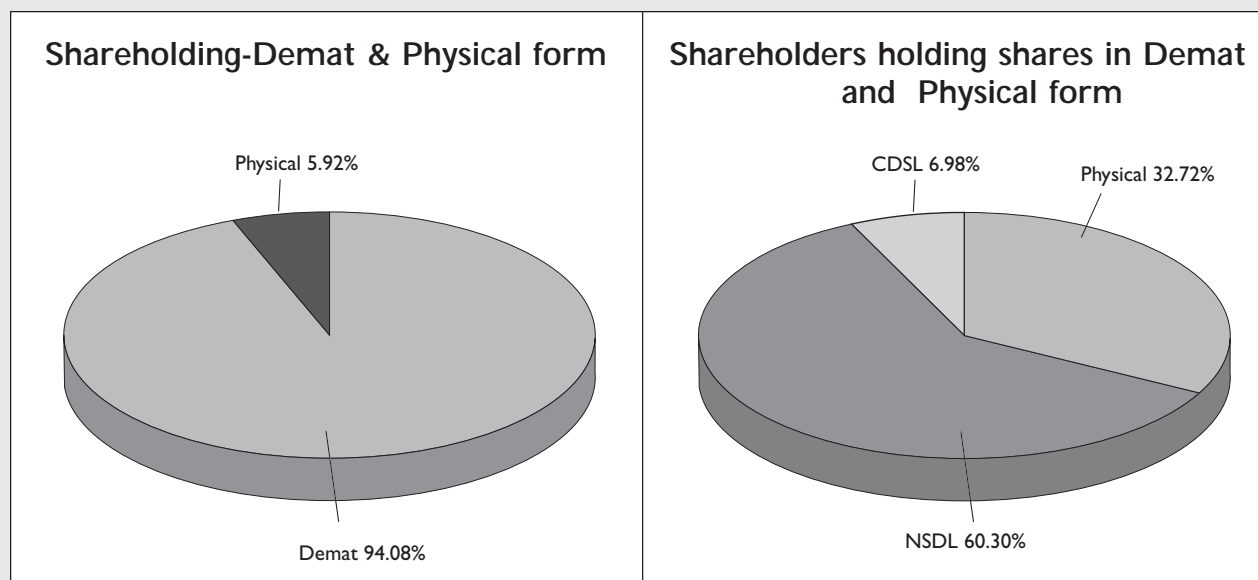
## Listing on Stock Exchanges

Stock Exchange	Stock Code	ISIN No.
Bombay Stock Exchange Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001	BSE 500620	INE 017A01024 (upto Nov. 15, 2006) <b>INE 017A01032</b> (post Nov. 15, 2006)
National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	NSE EQ GE SHIPPING	INE 017A01024 (upto Nov. 15, 2006) <b>INE 017A01032</b> (post Nov. 15, 2006)

Global Depository Receipts	Non Convertible Debentures
Luxembourg Stock Exchange Kredietbank S.A. Luxembourgeoise Societe Anonyme 43, Boulevard Royal L-2955 Luxembourg, R. C. Luxembourg B 6395	Wholesale Debt Market – National Stock Exchange Exchange Plaza Bandra Kurla Complex, Bandra (E) Mumbai 400 051

Share Transfer Agents	Share Transfer System
Sharepro Services (India) Pvt. Ltd. Satam Estate, 3 <sup>rd</sup> Floor Above Bank of Baroda Cardinal Gracious Road Chakala, Andheri (East) Mumbai-400 099  Tel: 022 - 28215168, 28329828 Fax: 022 - 28375646 Email: sharepro@bom7.vsnl.net.in	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 transfer of shares.  Request for dematerialisation (demat) received from the shareholders are effected within an average period of 15 days.

## Dematerialisation of shares



## Outstanding GDR's

70,716 GDR's are outstanding as on March 31, 2006.

## Plant Location

The Company has no plants.

## Address for correspondence

Company	Transfer Agent
<b>Share Department</b> Ocean House 134-A, Dr. Annie Besant Road Worli, Mumbai - 400 018 Tel : 022-66613000/2492 2200 Fax : 022-24925900 Email : shares@greatship.com	<b>Sharepro Services (India) Pvt. Ltd.</b> Satam Estate, 3 <sup>rd</sup> Floor Above Bank of Baroda Cardinal Gracious Road, Chakala Andheri (East), Mumbai - 400 099 Tel : 022- 28215168, 28329828 Email : sharepro_gesco@roltanet.com

## ADDITIONAL SHAREHOLDERS INFORMATION

### Unclaimed Dividends

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund administered by the Central Government. Table 1 gives the dates of dividend declaration or payment since 1999 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1999.

An amount of Rs. 13,31,393/- being unclaimed 44<sup>th</sup> (final) dividend was transferred during the year and Rs. 20,38,273/- being unclaimed 45<sup>th</sup> (final) dividend was transferred on September 8, 2006 to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956.

## 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 application form can be obtained either from the Company's Share Transfer Agents 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.

## Shares held in dematerialised form

Shareholders holding shares in dematerialised 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 be 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.

Table 1

DATES OF TRANSFERRING UNCLAIMED DIVIDEND TO THE CENTRAL GOVERNMENT				
Year	Dividend No.	Type	Date of Declaration	Date of Transfer to Central Government
2000	46 (I)	Interim	23.03.2000	04.05.2007
2001	47	Final	26.07.2001	25.08.2008
2002	48	Final	25.07.2002	24.08.2009
2003	49	Final	24.07.2003	23.08.2010
2004	50 (I)	Interim	30.01.2004	01.03.2011
2004	50	Final	25.06.2004	25.07.2011
2005	51 (I)	1st Interim	29.10.2004	28.11.2011
2005	51 (I)	2nd Interim	27.01.2005	26.02.2012
2005	51	Final	24.06.2005	23.07.2012
2006	52 (I)	1st Interim	27.10.2005	25.11.2012
2006	52 (I)	2nd Interim	30.01.2006	28.02.2013
2006	52 (I)	3rd Interim	28.04.2006	27.05.2013

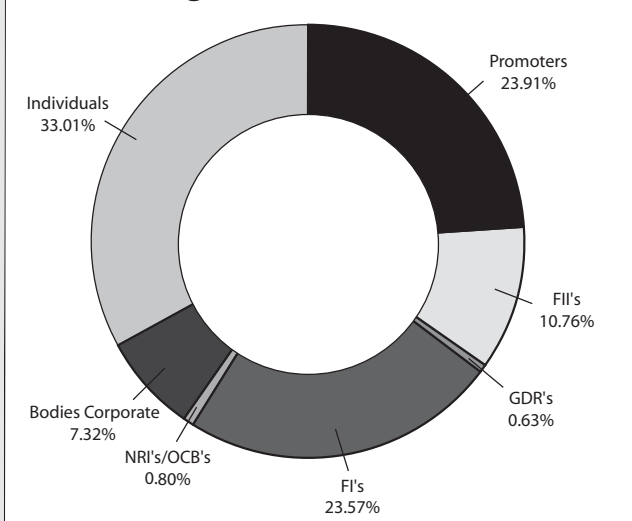
Table 2

UNCLAIMED DIVIDEND AS OF MARCH 31, 2006								
Year	Div. No.	Type	No. of Warrants Issued	No. of Warrants Unclaimed	% Unclaimed (Rs. lakhs)	Amount of Dividend (Rs. lakhs)	Dividend Unclaimed	% Unclaimed
1999	45	Final	199211	9921	4.98	5751	22.83	0.39
2000	46 (I)	Interim	188606	7390	3.91	3883	17.61	0.45
2001	47	Final	160040	8170	5.10	5937	30.34	0.51
2002	48	Final	159175	8011	5.03	6981	39.03	0.56
2003	49	Final	145716	11190	7.68	7613	63.20	0.83
2004	50 (I)	Interim	128230	10322	8.04	4758	33.77	0.70
2004	50	Final	134202	9376	6.98	7613	47.98	0.63
2005	51 (I)	1st Interim	121451	10924	8.99	6662	50.18	0.75
2005	51 (I)	2nd Interim	121169	11167	9.21	4758	38.77	0.81
2005	51	Final	121845	10773	8.84	5710	44.27	0.77
2006	52 (I)	1st Interim	123110	12634	10.26	7613	70.01	0.91
2006	52 (I)	2nd Interim	118343	24955	21.08	4758	107.57	2.26

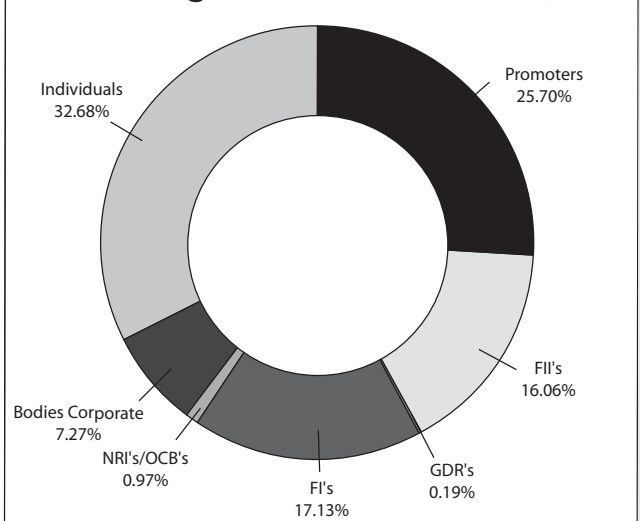
DISTRIBUTION OF HOLDINGS AS ON 31.03.2006

NO. OF SHARES HELD		SHARE HOLDERS		NO. OF SHARES	
		NUMBER	% TO TOTAL	SHARES	% TO TOTAL
0	500	96724	82.684	1,35,64,274	7.126
501	1000	9673	8.269	71,85,063	3.775
1001	2000	5010	4.283	73,08,319	3.840
2001	3000	1842	1.575	45,72,850	2.402
3001	4000	1012	0.865	35,54,895	1.868
4001	5000	612	0.523	28,32,751	1.488
5001	10000	1050	0.898	75,85,817	3.985
10001	AND ABOVE	1058	0.904	14,37,38,436	75.516
	<b>TOTAL</b>	<b>116981</b>	<b>100</b>	<b>19,03,42,405</b>	<b>100</b>

Shareholding Pattern as on March 31, 2005

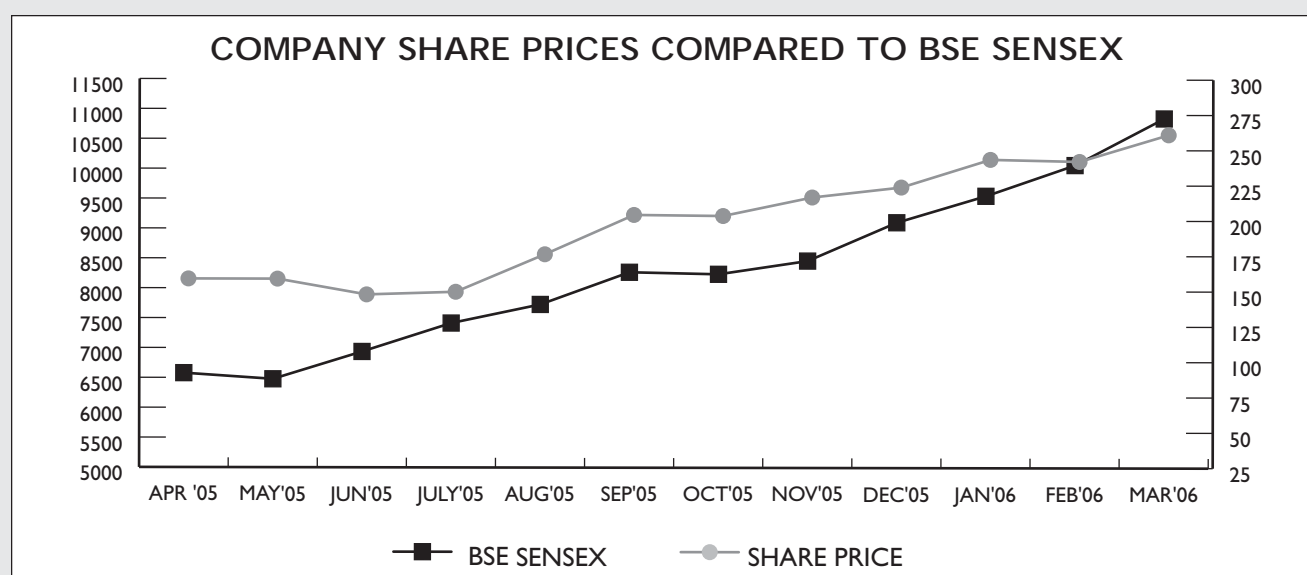


Shareholding Pattern as on March 31, 2006



## MARKET PRICE DATA - HIGH / LOW DURING EACH MONTH IN THE YEAR 2005- 06

Month	Market Price (Rs.)		Volume
	Highest	Lowest	Shares
APRIL 2005	168.00	149.00	36,49,557
MAY 2005	166.80	150.10	27,84,074
JUNE 2005	164.00	130.80	87,18,005
JULY 2005	165.00	133.70	63,85,845
AUGUST 2005	198.50	153.50	1,37,23,308
SEPTEMBER 2005	220.90	187.00	1,43,12,519
OCTOBER 2005	217.00	189.60	68,34,598
NOVEMBER 2005	239.25	193.75	86,64,973
DECEMBER 2005	238.80	208.50	57,65,689
JANUARY 2006	256.00	230.70	75,33,157
FEBRUARY 2006	259.85	224.15	85,41,810
MARCH 2006	277.90	244.00	78,93,439



### **Status of compliance with Non mandatory requirement**

Your Company continuously strives towards improving its Corporate Governance practices. Whilst your Company is fully compliant with the mandatory requirements of the Clause 49 of the listing agreement, the adoption of non mandatory requirements under Clause 49 of the Listing Agreement are reviewed by the Board from time to time. The status of the non mandatory requirements is as follows:

#### **Office space for Non-Executive Chairman**

The Company has an Executive Chairman and therefore the issue of providing office to non Executive Chairman does not arise.

The Company has no specific tenure specified for Independent Directors. The tenure of certain Independent Directors exceeds the period of 9 years.

#### **Remuneration Committee**

The Company has a Remuneration Committee, the details of which are mentioned elsewhere in this Annual Report.

#### **Shareholder Rights to receive financial results**

The financial results of the Company for every quarter are extensively published in the newspapers and are also put on the Company's website besides being available on the SEBI website [www.sebidifar.nic.in](http://www.sebidifar.nic.in).

#### **Audit qualifications**

During the year under review there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

#### **Training of Board Members**

During the Audit and Board Meetings, the management and the working Directors give extensive briefings to the Board members on the business of the Company.

#### **Mechanism for evaluating performance of non-executive Board Members**

The performance evaluation of the non executive Board members is done by the Board annually based on the criteria of attendance at the Board/Committee meetings as also the contributions made at the said meetings.

#### **Whistle Blower Policy**

Over the past few years, the Company has instilled transparency and follows an open work culture.

It also provides a two way open communication system which aims to provide ample scope for employees to exchange their views and raise concerns protecting their integrity. This has reflected in maintaining a safe and congenial working environment.

The Company is confident and takes pride in its proactiveness which has resulted in building an enterprise comparable to global companies. As the spirit and purpose of the Whistle Blower Policy are met and respected, the Company has currently not formulated nor adopted any such policy.

## DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE COMPANY'S CODE OF CONDUCT

In accordance with Clause 49 sub clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct laid down by the Company, as applicable to them for the Financial Year ended March 31, 2006.

For The Great Eastern Shipping Co. Ltd.

Mumbai, October 27, 2006

Bharat K. Sheth  
Deputy Chairman & Managing Director

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To the Members of,  
The Great Eastern Shipping Co. Ltd.,  
Mumbai.

### Auditors' Report on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by The Great Eastern Shipping Co. Ltd. (the Company) for the year ended on March 31, 2006, 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

For and on behalf of  
**KALYANIWALLA & MISTRY**  
Chartered Accountants

**V. R. Mehta**  
Partner  
M. No. 32083  
Mumbai, October 27, 2006.