

CORPORATE GOVERNANCE REPORT

ANNEXURE A

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that sound Corporate practices based on openness, credibility and accountability is essential to it's 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 10 Directors as on March 31, 2002.

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

Category	Name of Director & Designation	No. of directorships and Committee Positions in the Companies			
		Public Co.	Pvt.Co.	Committee member	Chairman
Promoter Executive Directors	Mr. K.M. Sheth, Executive Chairman	1	-	-	-
	Mr. S.J. Mulji, Executive Deputy Chairman	4	-	-	-
	Mr. Vijay K. Sheth, Managing Director	4	8	-	-
	Mr. B.K. Sheth, Managing Director	3	-	-	-
Promoter Non-Executive	Ms. Asha V. Sheth	-	3	-	-
Independent Non-Executive Directors	Mr. R.N. Sethna	6	1	6	2
	Mr. K.P. Byramjee	9	29	3	-
	Mr. A.K. Parikh	1	-	-	-
	Mr. Manu Shroff	7	-	6	2
	Mr. T.N. Pandey	1	-	3	2

ICICI Ltd. withdrew their nominee, Mr. M. J. Subbaiah, from the Board of the Company with effect from January 31, 2002.

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	11	9	Yes
Mr. S.J. Mulji	11	5	No
Mr. R.N. Sethna	11	9	No
Mr. K.P. Byramjee	11	10	Yes
Mr. A.K. Parikh	11	11	Yes
Mr. Manu R. Shroff	11	9	Yes
Mr. T.N. Pandey	11	11	Yes
Ms. Asha V. Sheth	11	7	Yes
Mr. Vijay K. Sheth	11	10	Yes
Mr. B.K. Sheth	11	10	Yes

* The Board of Directors met 11 times during the year on the following dates:

May 03, 2001, June 14, 2001, July 26, 2001, September 04, 2001, October 30, 2001, November 21, 2001, November 30, 2001, December 21, 2001, January 30, 2002, February 17, 2002, and March 04, 2002.

** Annual General Meeting(AGM) held on July 26, 2001.

Note : Mr.M.J.Subbaiah attended 7 out of 9 meetings held upto the date of his cessation as Director. He also attended the last AGM.

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 of 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

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. K.P. Byramjee
- (4) Mr. Manu R. Shroff

C) The Committee met 5 times on May 2, 2001, July 5, 2001, July 25, 2001, October 29, 2001 and January 29, 2002 during the financial year 2001-02 and the attendance of the members of the Committee were as follows:-

Director	No. of Meetings	
	Held	Attended
Mr. R.N. Sethna	5	5
Mr. K.P. Byramjee	5	4
Mr. Manu R. Shroff	5	5
Mr. T.N. Pandey	5	5

4. REMUNERATION COMMITTEE

A) Terms of Reference

The Remuneration Committee shall have the powers 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.

B) Composition of the Committee

The remuneration Committee comprises of the following Directors namely:-

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

C) Attendance during the year

The Committee met twice on May 2, 2001 and September 28, 2001 during the financial year 2001-2002 and the attendance of the members of the committee were as follows :

Director	No. of Meetings	
	Held	Attended
Mr. R.N. Sethna	2	2
Mr. K.P. Byramjee	2	2
Mr. A.K.Parikh	2	1
Mr. T.N. Pandey	2	2
Mr. Manu R. Shroff	2	2

D) Remuneration Policy

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

The Remuneration Committee, upon taking professional advice from a Management Consultant of repute, have arrived at a revised remuneration package for working Directors. The revised package envisages increasing the fixed component of the salary and reducing the variable component. In the case of Chairman and the Deputy Chairman no variable component in the form of commission is envisaged. The Implementation of the proposed remuneration is proposed to be made effective from April 1, 2002 and appropriate resolutions, detailing the revised package, for the purpose of obtaining approval of the members are included in the notice of the ensuing annual general meeting.

E) Details of Remuneration paid to all Directors

I) Wholetime Directors

Executive Director	Salary (Rs.)	Commission (Rs.)
Mr. K.M. Sheth	27,90,742	6,500,000
Mr. S.J. Mulji	22,83,620	6,500,000
Mr. V.K. Sheth	16,35,251	6,500,000
Mr. B.K. Sheth	21,73,780	6,500,000
Total	88,83,393	2,60,00,000

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-Executive Directors for the financial year 2001-02 are given below:

Non-Executive Director	Sitting Fees (In Rs.)	Commission (In Rs.)
Mr. Rusi N. Sethna	71,000	500,000
Mr. K.P. Byramjee	88,000	500,000
Mr. A.K. Parikh	54,000	500,000
Mrs. Asha V. Sheth	32,000	500,000
Mr. Manu Shroff	83,000	500,000
Mr. T.N. Pandey	98,000	500,000
Mr. M.J. Subbaiah	35,000	50,000
Total	4,61,000	30,50,000

Note: 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

The Committee comprises of the following Directors namely:-

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

The Compliance Officer is Mr. Jayesh M. Trivedi, General Manager (Sec1 & Legal) & Company Secretary.

C) During the year under review, 2,929 complaints were received from investors which were replied / resolved to the satisfaction of the investors.

44 requests for transfer and 150 requests for dematerialisation were pending for approval as on March 31,2002. These pending requests were duly approved and dealt with by the Company.

6. GENERAL MEETING

A) Details of Annual General Meetings

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

Time	Date & Year	Location
3.00 p.m	July 26, 2001	Nehru Centre Dr. A.B. Road Worli, Mumbai 400 018
3:00 p.m.	Aug.30,2000	Chavan Centre Gen. Jagannath Bhosle Marg Mumbai - 400 021
3:00 p.m.	July 30, 1999	Nehru Centre Dr. A.B. Road, Worli Mumbai - 400 018

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

B) 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 are 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.

C) 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.

D) Means of communication

- Half-yearly report sent to each household of shareholders No.
- Quarterly results
Which newspapers normally published in Times of India, Business Standard and Maharashtra Times
Any website, where displayed www.greatship.com
- Whether it also displays official news releases and presentations made to institutional investors/analysts Yes. It displays official news and presentations on the day they are made/released.
- Whether MD&A is a part of annual report Yes
- Whether Shareholder Information section forms part of the annual report Yes

7. GENERAL SHAREHOLDERS' INFORMATION

- a) Annual General Meeting
- Date : Thursday, July 25, 2002
- Time : 3.00 p.m.
- Venue : Nehru Centre
Dr. A.B. Road, Worli
Mumbai-400 018
- b) Financial Calendar : i) 54th Annual General Meeting - July 25, 2002
(April 1, 2002-March 31, 2003) ii) 1st Quarterly result -last week of July 2002
2nd Quarterly result- Last week of October, 2002
3rd Quarterly result- Last week of January 2003.
4th Quarterly result - Last week of April 2003.
- c) Book Closure date : Thursday, July 18, 2002 to Thursday, July 25, 2002 (both days inclusive)
- d) Dividend Payment Date : On or after July 30, 2002
- e) Listing on Stock Exchanges : Equity Shares: Are listed on the following Stock Exchanges :
- The Stock Exchange, Mumbai**
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai -400 001.
- National Stock Exchange of India Ltd.**
"Exchange Plaza",
Bandra-Kurla Complex,Bandra(E),
Mumbai - 400 051.
- Global Depository Receipts : 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 200069,70,71,72, 700075
NSE P1 01, P2 02, P3 03, P4 04
- g) ISIN No. Equity - INE 017A01024
Preference - INE17A04010
INE17A04028
INE17A04036
INE17A04044
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: 022-8215168, 8329828
Fax: 022-8375646
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 : 16,59,94,493 equity shares which is 81.95% of the paid-up capital as on March 31,2002 has been dematerialised.
- n) Outstanding GDR's : 6,19,958 GDR's are outstanding as on March 31,2002.
- 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
Telephone: 4613000/492 2200

With the Registrar :

Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala ,Andheri (East)
Mumbai-400 099
Tel: 022 - 8215168
022 - 8329828

ADDITIONAL SHAREHOLDERS INFORMATION

1. Website - www.greatship.com - the information gateway

Another step towards information sharing on real time is through launch of your Company's new web-site which has been rolled out in June 2002. The site holds distinctive features to enable exhaustive and easy accessibility to information that is not restricted to the Company alone but provides a gateway to global information on the maritime industry through around 90 industry and related hyper links.

Investors and shareholders, can directly communicate with the share department, and also download required forms for change of address, nomination, application related to loss of share certificates and issue of duplicate dividend warrant from the web-site for submission to share transfer agents.

2. 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 1995 and the corresponding dates when unclaimed dividend are due to be transferred to the Central Government. Table 2 gives the unclaimed dividend amount since 1995.

TABLE - 1

DATES WHEN UNCLAIMED DIVIDEND TO BE TRANSFERRED TO THE CENTRAL GOVERNMENT				
Year	Dividend No.	Type	Date of Declaration	Date of Proposed transfer to Central Government
1995	41	FINAL	26-Sep-95	26-Oct-02
1996	42	FINAL	26-Sep-96	26-Oct-03
1997	43	FINAL	18-Aug-97	18-Sep-04
1998	44 I	INTERIM	22-Jan-98	22-Feb-05
1998	44 F	FINAL	03-Aug-98	03-Sep-05
1999	45	FINAL	30-Jul-99	30-Aug-06
2000	46 I	INTERIM	23-Mar-00	23-Apr-07
2001	47	FINAL	26-Jul-01	26-Aug-08

TABLE - 2

UNCLAIMED DIVIDEND AS OF 31ST MARCH 2002								
Year	Div. No.	Type	No. of warrants issued	No. of warrants unclaimed	% Unclaimed	Amount of dividend (Rs lakhs)	Dividend Unclaimed (Rs lakhs)	% Unclaimed
1995	41	FINAL	210371	6129	2.91	5450	18.56	0.3
1996	42	FINAL	208403	9057	4.34	5142	25.46	0.5
1997	43	FINAL	205106	10735	5.23	8626	41.75	0.5
1998	44 I	INTERIM	201942	13554	6.71	7189	42.42	0.6
1998	44 F	FINAL	204276	13291	6.50	4313	24.02	0.6
1999	45	FINAL	199211	12884	6.46	5751	36.37	0.6
2000	46 I	INTERIM	188606	10640	5.64	3883	30.56	0.8
2001	47	FINAL	160040	12339	7.70	5937	54.18	0.9

3. 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.

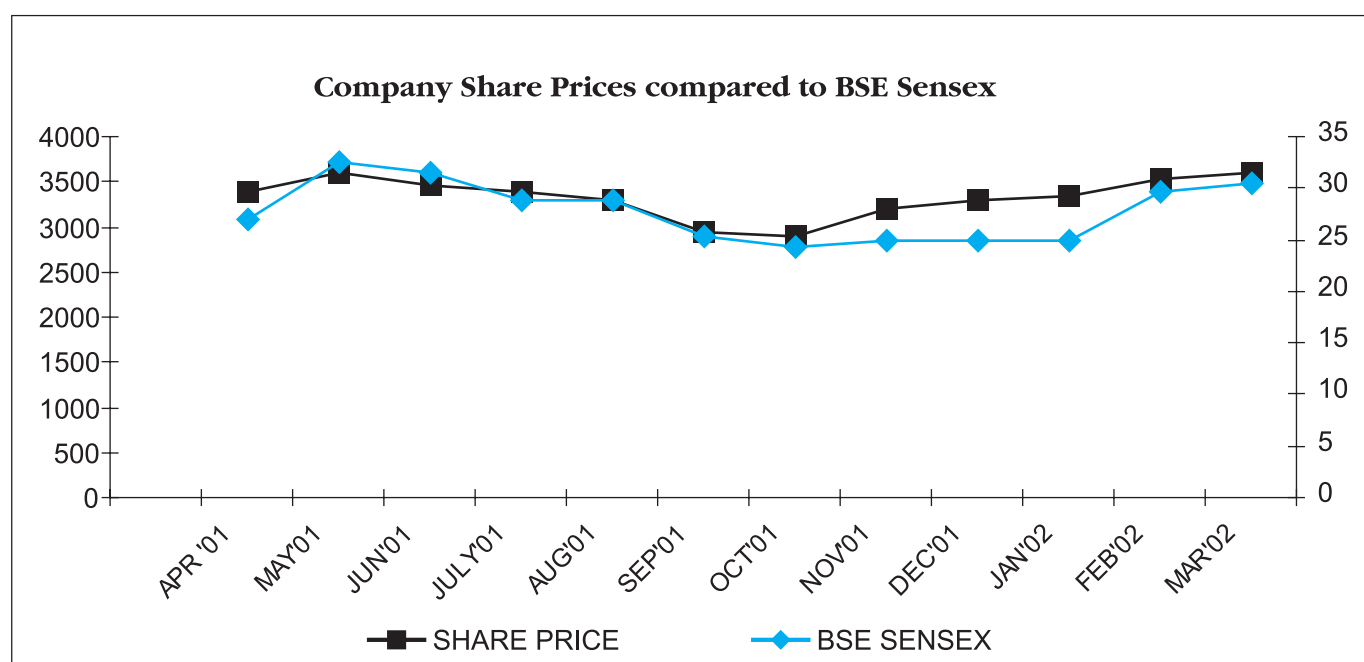
4. Shares held in electronic form : Shareholders holding shares in electronic form may note that :
- i) Instructions regarding bank details which they wish to have incorporated on their dividend warrants must be submitted to their depository participants. As per the regulations of NSDL and CDSL, the Company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.
 - ii) 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.
 - iii) 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.
 - iv) 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 2001- 2002

MONTH	MARKET PRICES (RS.)		
	HIGHEST	LOWEST	VOLUME
APRIL 2001	30.20	23.65	2,572,127
MAY 2001	34.80	30.10	3,294,080
JUNE 2001	33.00	30.00	3,094,225
JULY 2001	31.20	26.50	590,623
AUGUST 2001	30.25	27.50	730,139
SEPTEMBER 2001	28.45	22.00	1,186,210
OCTOBER 2001	25.40	23.10	986,316
NOVEMBER 2001	26.75	23.10	7,207,494
DECEMBER 2001	26.90	23.00	2,208,747
JANUARY 2002	25.50	23.50	4,552,251
FEBRUARY 2002	34.00	25.25	6,371,050
MARCH 2002	36.10	24.90	7,893,774

APPENDIX B



APPENDIX C

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2002

No. of equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	133151	82.14	20,061,144	9.90
501 to 1000	14624	9.02	10,638,445	5.25
1001 to 2000	7225	4.46	10,393,945	5.13
2001 to 3000	2434	1.50	6,003,069	2.96
3001 to 4000	1251	0.77	4,321,788	2.13
4001 to 5000	825	0.51	3,782,336	1.87
5001 to 10000	1401	0.87	9,914,166	4.90
10001 and above	1185	0.73	137,448,893	67.86
TOTAL	162096	100.00	202,563,786	100.00

APPENDIX D

SHAREHOLDING PATTERN AS ON MARCH 31, 2002

CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
1. PROMOTERS	46,631,532	23.02
2. DIRECTOR OTHER THAN PROMOTERS	1,456,901	0.72
3. FOREIGN INSTITUTIONAL INVESTORS	1,014,425	0.50
4. INTERNATIONAL FINANCE CORPORATION	10,880,679	5.37
5. GLOBAL DEPOSITORY RECEIPTS	3,099,789	1.53
6. FOREIGN HOLDING	1,398,754	0.70
7. GOVT/FINANCIAL INSTITUTIONS	36,668,095	18.10
8. BODIES CORPORATE	12,868,628	6.35
9. OTHERS	88,544,983	43.71
TOTAL	202,563,786	100.00

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, 2002 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 a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance 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 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 Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee. no investor grievances received during the year ended March 31, 2002, were remaining unattended/pending against the Company for a period exceeding thirty days.

We further state that such compliance is neither an assurance as to 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 17, 2002

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Sd/-
Partner