



37 TH ANNUAL REPORT 1999 - 2000



CHOWGULE STEAMSHIPS LTD.



CHOWGULE STEAMSHIPS LIMITED

Board of Directors

Vijay V. Chowgule	Chairman
Y.D. Chowgule	
S.Y. Rege	
M.R.B. Punja	
S. Ramasubramanian	ICICI Nominee
Deepak L. Chowgule	Managing Director

Solicitors

Crawford Bayley & Co.
Little & Co.

Auditors

S.B. Billimoria & Co.

Registered Office

Chowgule House
Mormugao Harbour
Goa - 403 803.

Main Administrative Office

Bakhtawar, 3rd Floor
Nariman Point
Mumbai - 400 021.

Share Transfer Agents

Sharepro Services
Satam Estate
3rd Floor, Chakala Cardinal Gracious Road,
Andheri, Mumbai 400 099.
Tel. (022) 820 2112 / 820 2108
Fax: (022) 837 5646

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NOTICE

NOTICE is hereby given that the Thirty-seventh Annual General Meeting of the Members of CHOWGULE STEAMSHIPS LIMITED will be held at the Registered Office of the Company at Chowgule House, Mormugao Harbour, Goa-403 803 on Saturday, the 26th day of August, 2000 at 10.30 a.m. (I.S.T.) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M.R.B. Punja who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Y. D. Chowgule who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), as a SPECIAL RESOLUTION, the following:

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows:

 - (i) In Article 2 (Interpretation Clause) after the terms “Marginal Notes” and “Catch Lines” the following sub-clauses be inserted:

“Beneficial Owner” means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

“Depositories Act, 1996” includes any statutory modification or re-enactment thereof; and

“Depository” means a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996;

“SEBI Board” means the Securities and Exchange Board of India;

“Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board;

“Regulations” mean the regulations made by the SEBI Board;

“Security means such security as may be specified by the SEBI Board;
 - (ii) In Article 13 after the words, “no share shall be sub-divided”, to add the words, “provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.”
 - (iii) To insert the following Article after the existing Article 12. The proposed Article to be numbered as 12-A:

12-A. “Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the Beneficial Owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.”
 - (iv) To insert the following Article after the existing Article 24. The proposed Article to be numbered as 24-A:

24A. “Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its Shares, Debentures and other Securities pursuant to the Depositories Act, 1996 and to offer its Shares, Debentures and other Securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.”
 - (v) To insert the following Article after the proposed Article 24A. The proposed Article to be numbered as 24B:

24B. “In the case of transfer of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.”

CHANGES IN THE ARTICLES OF ASSOCIATION

(vi) To insert the following Article after the proposed Article 24B. The proposed Article to be numbered as 24C:

24C(a) Dematerialisation of securities:

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

(b) Options to receive security certificates or hold securities with depository:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository;

Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.

(c) Securities in depositories to be in fungible form:

All securities held by a depository shall be dematerialised and shall be in a fungible form;

Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(d) Rights of depositories and beneficial owners:

(1) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;

(2) Save as otherwise provided in (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it;

(3) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

(e) Depository to furnish information:

Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

(f) Option to opt out in respect of any security:

If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly;

The depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company;

The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be.

(g) Sections 83 and 108 of the Companies Act, 1956 not to apply:

Notwithstanding anything to the contrary contained in the Articles:

(1) Section 83 of the Act shall not apply to the shares held with a depository;

(2) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

(h) Register and Index of beneficial owners:

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be an Index of members and Register and Index of Debentureholder as the case may be for the purposes of the Act."

By order of the Board

Deepak L. Chowgule
MANAGING DIRECTOR

Place : Mumbai

Dated : 22nd May, 2000

NOTES

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 of the Notice set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND, ON POLL, TO VOTE INSTEAD OF HIMSELF AND, A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than fortyeight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 10th day of August, 2000 to Saturday, the 26th day of August, 2000, (both days inclusive).
4. Members are requested to notify immediately any change in their address to the Company or its Share Transfer Agents.
5. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company or its Share Transfer Agents to consolidate their holdings in one folio.
6. Unclaimed Dividend upto the year 1994-95 has been transferred to the General Revenue Account of the Central Government. Those shareholders who have so far not claimed or collected their dividend upto the above financial year may claim their dividend from the Registrar of Companies, Goa, Daman & Diu.
7. Members who have not encashed dividend warrants for the years 1995-96 and 1996-97 may approach the Company's Mumbai Office.
8. Members are requested to bring their copy of the Annual Report to the Meeting.
9. The shares of the Company are listed on the stock exchanges at Mumbai and New Delhi and the listing fees upto the financial year 1999-2000 has been paid.

By order of the Board
Deepak L. Chowgule
 MANAGING DIRECTOR

Place : Mumbai
 Dated : 22nd May, 2000

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE CONVENING THE ANNUAL GENERAL MEETING TO BE HELD ON 26TH AUGUST, 2000.

ITEM NO. 5

Consequent to the passing of the Depositories Act, 1996 and introduction of the Depository system, some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer and dealing in shares and other securities as also certificates, have been amended so as to facilitate the introduction and implementation of the Depository system. It is, therefore, proposed to incorporate some Articles in the Articles of Association of the Company to deal with matters pertaining to dematerialised shares in accordance with the relevant provisions.

The Resolution is recommended for the approval of the Members.

None of the Directors of the Company is in any way concerned with or interested in the Resolution.

The Articles of Association of the Company referred to in the Resolution at Item No. 5 together with the proposed alteration are available for inspection of the members at the Company's Registered Office during the business hours on any working day.

By order of the Board
Deepak L. Chowgule
 MANAGING DIRECTOR

Place : Mumbai
 Dated : 22nd May, 2000

DIRECTORS' REPORT 1999-2000

To
The Shareholders,

Your Directors present the Thirty-seventh Annual Report and the Audited Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS & APPROPRIATIONS :

	1999-2000 (Rs. in lacs)	1998-1999 (Rs. in lacs)
Profit prior to financial charges, depreciation and tax	3,044.98	*2,586.00
Less: Interest	2,287.39	2,671.14
Profit before Depreciation and Tax	757.59	(85.14)
Less: Depreciation for the year	2,290.45	2,512.30
Profit/(Loss) for the year before Tax	(1,532.86)	(2,597.44)
Less: Provision for Taxation	—	—
Profit/(Loss) after Tax	(1,532.86)	(2,597.44)
Add: Brought forward from previous year	—	—
Amount available for appropriation	(1,532.86)	(2,597.44)
Add: Income Tax refund of earlier years written back	—	5.59
Total amount available for appropriation	(1,532.86)	(2,591.85)
Add: Transferred from General reserve	1,532.86	2591.85
Balance Transferred to Balance Sheet	—	—

* Includes profit on sale of Ships of Rs. 294.04 lacs.

In view of the loss sustained by the Company, your Directors regret their inability to recommend any dividend for the year.

2. OPERATIONS :

Your Directors are pleased to report that during the year under review, the freight earnings and charter hire receipts amounted to Rs. 8,296.51 lacs as against Rs. 6,995.83 lacs during the previous year, thus showing a significant improvement of 19% over the last year.

The world economy in general and shipping activity in particular have started recovering in the recent past with higher volume of movement of bulk commodities like iron ore, coal, food grains etc. The Baltic Freight Index has shown impressive gains during the second half of the year. The average Baltic Index for the current year at 1194 as against 899 in 1998-99 reflected healthy growth in freight rates.

3. FLEET RATIONALIZATION :

Your Directors are glad to report that the Company has taken delivery of one new Mini Bulk Carrier, 3,427 DWT from Chowgule & Co. Ltd., Goa. This has been financed by State Bank of India, Leasing Group and is being leased to the Company by State Bank of India (SBI) in terms of the Lease Agreement.

4. RESCHEDULEMENT OF LOAN :

Reschedulement Agreements have been entered into during the year in respect of the secured loan of US \$ 32.006 million due to International Finance Corporation, Washington (IFC), of US \$ 3.856 Million due to ICICI Ltd. and of Rs. 17 Crores due to ICICI Ltd. effectively extending the tenure of repayment by 2 years. The Company is paying interest on these secured loans as contemplated in the Reschedulement Agreements.

5. ISSUE OF SHARES ON PREFERENTIAL BASIS :

In terms of the reschedulement of repayment of outstanding loan from International Finance Corporation, Washington (IFC) of US \$ 34.5 Million approximately, the Company was required to make payment of US \$ 2.5 Million in April, 1999. In order to meet the said obligation and also to meet its other financial commitments, the Company raised a Short Term Loan of Rs.13,70,00,000/- from Chowgule & Co. Ltd., a major constituent of the Promoter Group.

It will be recalled that in order to augment the long term resources of the Company and also to enable the Company to discharge its financial obligations, the Members at the Extra-ordinary General Meeting held on 2nd November, 1999 approved the issue and allotment of 1,37,00,000 Equity Shares of the Company for cash at par to Chowgule & Co. Ltd. The said shares have been issued and allotted to Chowgule & Co. Ltd.

6. SUBSIDIARY :

The information relating to the Company's Subsidiary viz. Chowgule Steamships Overseas Ltd., Guernsey has been annexed to the Company's Balance Sheet as required under Section 212 of the Companies Act, 1956.

7. AUDITORS' COMMENTS :

With regard to Auditors' comment in Para 2 of their Report the Company has obtained exemption from disclosure of additional information under Para 4-D (a), (b), (c) & (e) of Part II to Schedule VI of the Companies Act, 1956, vide letter No. 46/95/2000/CL-III dated 16th June, 2000.

8. INSURANCE :

The fleet of the Company has been insured against Marine and War Risks for about Rs. 588 Crores.

9. DEMATERIALISATION OF SHARES :

As required by Securities & Exchange Board of India, the Company commenced the process of dematerialisation of shares of the Company and for that purpose entered into Tripartite Agreements with National Securities Depository Ltd. and Central Depository Services (India) Ltd. and the Company's Registrars and Share Transfer Agents to establish electronic connectivity to enable the securities of the Company to be dealt with in demat mode from June 26, 2000 onwards.

10. DIRECTORS :

Mr. M.R.B. Punja and Mr. Y.D. Chowgule, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

During the year under Report, Mr. N.J. Kamath resigned from the Board of Directors. The Board is grateful for the valued contribution made by Mr. N.J. Kamath during his tenure as Director of the Company.

11. AUDITORS :

The Shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration. Messrs S.B. Billimoria & Co., the retiring Auditors, being eligible, have given their consent for reappointment.

12. THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED :

The information required under Section 217(2A) of the Companies Act, 1956 read with the rules framed thereunder forms part of this report. In terms of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to the shareholders of the Company excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Registered Office of the Company.

The Company had 147 employees as on March 31, 2000 who were employed throughout or part of the year and were in receipt of remuneration exceeding Rs. 6,00,000/- per annum or Rs. 50,000/- per month as the case may be.

13. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 :

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the statement annexed hereto gives the particulars as required under the said rules and forms part of this Report. (Annexure I)

14. Y2K Compliance :

The Company had taken adequate steps to ensure Y2K Compliance. The cost involved in this regard was insignificant and has not had any material impact on the financial position of the Company. In its entire operation there was smooth change over without any problem pertaining to Y2K.

15. GENERAL :

The Board of Directors expresses its appreciation for the help and co-operation extended by the Ministry of Surface Transport, Ministry of Finance, the Directorate General of Shipping, International Finance Corporation, Washington (IFC), ICICI Limited and the Company's Bankers and Agents. The Board of Directors also appreciates the loyal services and co-operation rendered by the Company's Officers and staff, both ashore and afloat.

FOR AND ON BEHALF OF THE BOARD

VIJAY V. CHOWGULE
CHAIRMAN

Mumbai,
Dated : 3rd July, 2000.

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Annexure I

Statement Regarding Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and outgo as required under Cl.(e) of sub-sec.217 of the Companies Act, 1956 which forms part of the Director's Report for the year ended 31st March, 2000.

Item Particulars	Comments
A. Conservation of Energy	
(a) Measures	The Company has young fleet of modern Vessels, and is well maintained operationally. There is hardly any scope for conservation measures.
(b) Addl. Investments and proposals, if any, being implemented for reduction of energy consumption.	Nil
(c) Impact of the measures (a) and (b) above and consequent impact on cost of production.	Nil
(d) Total energy consumption and consumption per unit of production in Form 'A'.	Not applicable to a Shipping Company.
B. Technology Absorption	
(e) Efforts made in Technology absorption.	Not applicable to a Shipping Company.
i) Research and Development	Nil
ii) Technology absorption, adoption and innovation.	Nil
C. Foreign Exchange Earnings & Outgo.	
(f) Activities relating to exports, initiative taken to increase exports, development of new export plans.	Not applicable
(g) Total Foreign Exchange	
i) Used (including loan repayments, interest etc.)	Rs. 4,594.21 lacs
ii) Earned	Rs. 5,849.66 lacs