

REPORT 2000-01

STEAMSHIPS LTD.

CHOWGULE



182

CHOWGULE STEAMSHIPS LIMITED

Board of Directors

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

Company Secretary & General Manager

V. S. Murthy

Solicitors

Crawford Bayley & Co.
Little & Co.

Auditors

S. B. Billimoria & Co.

Registered Office

Chowgule House
Mormugao Harbour
Goa - 403 803.

Head Office

Bakhtawar, 3rd Floor
Nariman Point
Mumbai - 400 021.
Tel. (022) 202 6822 Fax: (022) 202 4845

Share Transfer Agents

Sharepro Services
Satam Estate
3rd Floor, Above Bank of Baroda, Chakala
Andheri (East), Mumbai 400 099.
Tel. (022) 832 9828 / 834 8218
Fax: (022) 837 5646

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CHOWGULE STEAMSHIPS LIMITED

NOTICE

NOTICE is hereby given that the Thirty-eighth Annual General Meeting of the Members of CHOWGULE STEAMSHIPS LIMITED will be held in the Registered Office of the Company at Chowgule House, Mormugao Harbour, Goa - 403 803 on Monday, July 23, 2001 at 11.00 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 March 31, 2001 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. Vijay V. Chowgule, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. S. Y. Rege, who retires by rotation and is eligible for re-appointment.
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 appoint as Director Mr. Dhananjay Mungale who was appointed by the Board of Directors, as an Additional Director of the Company with effect from August 26, 2000 and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of Director.
6. To consider and if thought fit to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with and in accordance with the conditions specified in Schedule XIII to the said Act, the Company hereby approves the re-appointment and terms of remuneration of Mr. Deepak Laxmanrao Chowgule as Managing Director of the Company for a further period of 5(five) years commencing from June 13, 2001 upon the terms and conditions as set out in the Draft Agreement laid before the meeting and initialled by the Chairman for the purpose of identification, to be entered into between the Company and Mr. Deepak L. Chowgule which Agreement is hereby approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Mr. Deepak L. Chowgule.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to the Resolution."

By order of the Board of Directors
For CHOWGULE STEAMSHIPS LIMITED

V. S. MURTHY
COMPANY SECRETARY &
GENERAL MANAGER

Place : Mumbai
Dated : April 24, 2001.

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NOTES :

1. The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 5 and 6 of the Notice set out above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY 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 forty eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 6, 2001 to Thursday, July 19, 2001, both days inclusive.
4. Members are requested to bring their copy of the Annual Report to the Meeting.
5. Members are requested to notify immediately any change in their address to the Company's Share Transfer Agents, 'M/s. Sharepro Services'.
6. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company or the Share Transfer Agents of the Company to consolidate their holdings in one folio.
7. 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.
8. Members who have not encashed dividend warrants for the years 1995-96 and 1996-97 may approach the Company's Mumbai Office.
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 2000-2001 has been paid.
10. Securities & Exchange Board of India has mandated that delivery of shares of the Company shall be compulsorily in the dematerialised form for all investors with effect from August 28, 2000.
11. All enquiries and correspondence regarding transfer of shares, dematerialisation etc. are to be made with the Share Transfer Agents of the Company, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Chakala, Andheri (East), Mumbai - 400 099.

By order of the Board of Directors
For CHOWGULE STEAMSHIPS LIMITED

Place : Mumbai
Dated : April 24, 2001.

V. S. MURTHY
COMPANY SECRETARY &
GENERAL MANAGER

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 JULY 23, 2001.

ITEM NO. 5

The Board of Directors of the Company appointed Mr. Dhananjay Mungale as an Additional Director of the Company with effect from August 26, 2000.

Mr. Dhananjay Mungale is a Chartered Accountant and Law Graduate by qualification. He has extensive and wide ranging experience in Banking and Investment Banking Fields in India and abroad which would be of considerable benefit to the Company.

CHOWGULE STEAMSHIPS LIMITED

Pursuant to Section 260 of the Companies Act, 1956, Mr. Dhananjay Mungale holds office as Director upto the date of the forthcoming Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose the appointment of Mr. Dhananjay Mungale as Director of the Company. In view of Mr. Dhananjay Mungale having vast experience and in depth knowledge of finance, it is eminently desirable to appoint him as Director of the Company.

Mr. Dhananjay Mungale is concerned and interested in the Resolution.

ITEM NO. 6

The present term of the office of Mr. Deepak L. Chowgule as Managing Director of the Company will expire on June 12, 2001.

Mr. Deepak L. Chowgule has been associated with the Company for the past about 28 years. His long association with the Company and valuable experience in shipping field have contributed immensely to the growth of the Company. Since his re-appointment would benefit the Company, the Board of Directors has after due deliberation subject to Members' approval decided at its meeting held on April 24, 2001 to re-appoint Mr. Deepak L. Chowgule as Managing Director of the Company for a further period of 5 years with effect from June 13, 2001, on the terms and conditions mentioned hereinbelow:

1. Salary : Rs. 1,50,000/- per month in the scale of Rs. 1,50,000 – Rs. 10,000 – Rs. 2,00,000
2. Perquisites :
 - (i) **Housing** : Rent free fully furnished accommodation to be valued as per Income Tax Rules or House Rent Allowance of 60% of the salary. Additionally, actual reimbursements to be made on account of gas, electricity, water and furnishings.
 - (ii) **Medical Reimbursement** : Reimbursement of all the medical and hospitalisation expenses for self and family subject to a maximum of one month's salary in a financial year or three months' salary in a block of three financial years.
 - (iii) **Club Fees** : Fees of clubs subject to a maximum of two clubs excluding the life membership fees / admission fees.
 - (iv) **Personal Accident Insurance** : For self and family. Premium not to exceed Rs. 10,000/- per annum.
3. Commission : To be determined by the Board but not less than 6 months' salary per annum, subject to the overall ceiling prescribed under Sections 198 and 309 of the Companies Act, 1956.
4. Other Benefits : The Managing Director shall also be eligible for the following which shall not be included in the computation of the ceiling on remuneration:
 - (a) Contribution to Provident Fund and Superannuation Fund to the extent not taxable under Income Tax Act, 1961.
 - (b) Gratuity not exceeding one month's salary for each completed year of service.
 - (c) Encashment of Leave at the end of the tenure.
 - (d) Provision of car for use on the Company's business and telephone at residence. Use of car for private purpose and personal long distance calls shall be billed by the Company to him.
 - (e) Privilege Leave, Casual Leave and Sick Leave with pay in accordance with the Rules of the Company as applicable to senior executives of the Company from time to time.
 - (f)* Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with the Managing Director.
 - (g)* Return passage for self and family in accordance with the rules specified by the company where it is proposed that the leave be spent in home country instead of anywhere in India.

* Since Mr. Deepak L. Chowgule is a Swiss National.

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5. Minimum Remuneration Payable : Where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary and perquisites shall not exceed Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month, plus other benefits as mentioned in item (4) above or the ceiling which may be laid down in this behalf in Schedule XIII to the Companies Act, 1956 or other applicable provisions from time to time.
6. Reimbursements : Reimbursement of travelling and entertainment expenses actually incurred by the Managing Director for the purpose of business of the Company.

The Directors commend the Resolution at Item No. 6 of the Notice for Members' approval.

The terms of re-appointment of Mr. Deepak L. Chowgule as Managing Director as contained in Resolution No. 6 of the Notice may also be treated as an abstract of the terms of his re-appointment as required under Section 302 of the Companies Act, 1956.

Mr. Deepak L. Chowgule is concerned or interested in the Resolution since it relates to his own appointment and payment of remuneration. Mr. Vijay V. Chowgule and Mr. Y. D. Chowgule being relatives of Mr. Deepak L. Chowgule may also be deemed to be concerned or interested in the said Resolution.

INSPECTION OF DOCUMENTS :

All the documents referred to in the Explanatory Statements together with other relevant documents are open for inspection of the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day, except Saturdays.

By order of the Board of Directors
For CHOWGULE STEAMSHIPS LIMITED

V. S. MURTHY
COMPANY SECRETARY &
GENERAL MANAGER

Place : Mumbai
Dated : April 24, 2001.

CHOWGULE STEAMSHIPS LIMITED

DIRECTORS' REPORT 2000-2001

To

The Shareholders,

Your Directors present the Thirty-eighth Annual Report and the Audited Accounts for the year ended March 31, 2001.

1. FINANCIAL RESULTS & APPROPRIATIONS :

| | 2000-2001 (Rs. in lacs) | 1999-2000 (Rs. in lacs) |
|---|----------------------------|----------------------------|
| Profit prior to financial charges, depreciation and tax | 5,312.27 | 3,044.98 |
| Less: Interest | 2,328.14 | 2,287.39 |
| Profit before Depreciation and Tax | 2,984.13 | 757.59 |
| Less: Depreciation for the year | 2,372.41 | 2,290.45 |
| Profit/(Loss) for the year before Tax | 611.72 | (1,532.86) |
| Less: Provision for Taxation (MAT) | 51.84 | — |
| Profit/(Loss) after Tax | 559.88 | (1,532.86) |
| Add: Brought forward from previous year | — | — |
| Amount available for appropriation | 559.88 | (1,532.86) |
| Add: Income Tax refund of earlier years written back | — | — |
| Total amount available for appropriation | 559.88 | (1,532.86) |
| Add: Transferred from General reserve | — | 1,532.86 |
| Balance Transferred to Balance Sheet | 559.88 | — |

Your Directors are pleased to report that the Company has returned to profit earning operations. However, your Directors regret their inability to recommend any dividend, as it is very essential for the Company to conserve liquidity in order to be in a position to meet its payment commitments to financial institutions and banks on time.

2. OPERATIONS :

During the year under review, fleet earnings and charter hire receipts amounted to Rs. 105.73 crores against Rs. 82.96 crores for the previous year, showing a growth of 27.40% on the back of improved sentiment in the international freight market. The management exercised tighter control on operating expenses absorbing most of the cost escalations without significant increase in total cost.

During the year under review, international oil prices remained firm throughout the year giving a boost to the freight market, in the tanker as well as the bulk carrier sectors. The stronger oil prices led to aggressive movement of coal in the international cross trade and your company has been able to take full advantage of the firm freight market. With the continued firmness in the oil prices it is expected that the market will maintain its present firmness except for the usual seasonal variations.

Your Company is looking at various alternatives to restructure the fleet and reduce the debt burden with a view to improve operating profits and make the operations cost efficient.

3. LOAN REPAYMENT :

The Company has started repaying the loan instalments to IFC and ICICI as per the respective Re-schedulement Agreements. Loan instalments of DBS were also paid as per schedule. Total amount of Loan Repayments during the financial year amounted to Rs. 2109.11 Lacs. Your directors are happy to report that the Company has duly met all its financial obligations to the financial institutions and banks during the year.

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4. SALE OF SHIPS :

In the Extraordinary General Meeting held on September 25, 2000, the shareholders had approved of sale of two ships – M. V. Maratha Memory and M. V. Maratha Mission. However, till date it has not been possible to find buyers for the two ships at satisfactory prices due to depressed market conditions governing the second hand ships in the international market. Concerted efforts are continuing on the part of the management in that direction.

5. SUBSIDIARY :

The information relating to the Company's subsidiary viz. Chowgule Steamships Overseas Limited, Guernsey, has been annexed to the Company's balance sheet as required under Section 212 of the Companies Act 1956.

6. INSURANCE :

The fleet of the Company has been insured against Marine and War Risks for about Rs. 502.68 crores.

7. DIRECTORS :

Mr. Dhananjaya Mungale was appointed an Additional Director by the Board on August 26, 2000, pursuant to Section 260 of the Companies Act, 1956, read with Article 117(a) of the Articles of Association. He holds office only up to the date of the forthcoming Annual General Meeting.

The Company has received a special notice pursuant to Section 257 of the Companies Act 1956 from a member proposing Mr. Dhananjay Mungale's candidature for the office of Director along with a deposit of Rs. 500/-. This item is included in Item 5 of the accompanying notice.

Mr. Deepak L. Chowgule has been reappointed as Managing Director on revised terms and conditions for a period of five years with effect from June 13, 2001, subject to the approval of the shareholders in the ensuing Annual General Meeting. The abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956 has been mentioned in Item 6 of the accompanying notice.

Mr. Vijay V. Chowgule and Mr. S. Y. Rege, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors state as under :

That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

That the Directors have prepared the annual accounts on a going concern basis.

9. AUDIT COMMITTEE :

For better Corporate Governance, the setting up of an Audit Committee of the Board has been made mandatory by introduction of a new Section 292 (A) in the Companies Act 1956.

In compliance with the provision, the Directors have constituted an Audit Committee comprising of the following Directors.

Mr. Vijay V. Chowgule

Mr. S. Ramasubramanian

Mr. Dhananjay N. Mungale.

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10. AUDITORS :

The shareholders are requested to appoint auditors for the ensuing year and to fix their remuneration. S. B. Billimoria & Company, Chartered Accountants, the retiring Auditors, being eligible, have given their consent for re-appointment.

11. 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 information. Any shareholder interested in obtaining a copy of the said information may write to the Company Secretary.

The Company had 56 Employees as on March 31, 2001 who were employed throughout or for part of the year and were in receipt of remuneration exceeding Rs. 12 lacs p.a. or Rs. 1 lac per month as the case may be.

12. 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).

13. 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, Reserve Bank of India, International Finance Corporation, Washington (IFC), ICICI Limited and the Company's Bankers and Agents. The Board of Directors also appreciates the loyal services rendered and co-operation extended by the Company's Officers and staff, both ashore and afloat.

FOR AND ON BEHALF OF THE BOARD

VIJAY V. CHOWGULE
CHAIRMAN

Mumbai

Date : April 24, 2001



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Annexure I

Statement Regarding Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and outgo as required under Clause (e) of sub-sec. (1) of Section 217 of the Companies Act, 1956 which forms part of the Directors' Report for the year ended March 31, 2001.

| 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. 7,239.79 lacs |
| ii) Earned | Rs. 8,032.10 lacs |