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STATE

CHOWGULE STEAMSHIPS LIMITED

Fleet

	Name	Year Built	DWT (M.T.)
1.	"M. V. Maratha Mission"	1985	76905
2.	"M. V. Maratha Majesty"	1988	76650
3.	"M. V. Maratha Messenger"	1995	71252
4.	"M. V. Maratha Mighty"	1996	72870
5.	"M. V. Maratha Classic"	1993	2048
6.	"M. V. Maratha Courage"	1994	2053
7.	"M. V. Maratha Crystal"	1997	3500
8.	"M. V. Maratha Coral" (on lease)	2000	3427

CHOWGULE STEAMSHIPS LIMITED

BOARD OF DIRECTORS

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

Company Secretary & General Manager

V. S. Murthy Compliance Officer

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-Ninth 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 Wednesday, July 31, 2002 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, 2002 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 is eligible for re-appointment.
3. To appoint a Director in place of Mr. Y.D. Chowgule, 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 consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to voluntarily delist the equity shares of the Company from the Delhi Stock Exchange Association Limited".

By order of the Board of Directors
For CHOWGULE STEAMSHIPS LIMITED

Place : Mumbai
Date : May 14, 2002.

V.S. MURTHY
COMPANY SECRETARY &
GENERAL MANAGER

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 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 July 16, 2002 to July 30, 2002 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' or their respective Depository Participants.
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.

(NOTES CONTD.)

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. In terms of Government of India Notification No.GSR 750(E) dated October 1, 2001, the Company has deposited Rs. 471894.77 into the Investor Education & Protection Fund in February 2002. The amount represents the unclaimed Application Money in respect of Rights Issue made during December, 1994.
10. The shares of the Company are listed on the Stock Exchanges at Mumbai and New Delhi and the listing fees upto the financial year 2002-2003 have been paid. A resolution is being proposed at the ensuing Annual General Meeting to voluntarily delist the Equity Shares from the Delhi Stock Exchange.

By order of the Board of Directors
For CHOWGULE STEAMSHIPS LIMITED

V.S. MURTHY
COMPANY SECRETARY &
GENERAL MANAGER

Place : Mumbai
Date : May 14, 2002.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE CONVENING THE ANNUAL GENERAL MEETING.

ITEM NO.5

Presently, the Company's equity shares are listed at the Stock Exchanges at Delhi and Mumbai.

With extensive networking of the Stock Exchanges, investors have access to online dealings in the Company's securities across the country. Bulk of the trading in the Company's equity shares takes place only on the Bombay Stock Exchange. The number of Shareholders and the trading volumes at Delhi Stock Exchange are very low.

The proposed Resolution will enable the Company to voluntarily delist its equity shares from the Delhi Stock Exchange at an appropriate time in the future subject to compliance with other legal requirements. The proposed delisting will not adversely affect the investors, as the Company's equity shares will continue to be listed on the Stock Exchange at Mumbai.

The Directors commend the Special Resolution at Item No.5 for approval of the members.

None of the directors is in any way concerned or interested in the Resolution.

INSPECTION OF DOCUMENTS :

All the documents referred to in the Explanatory Statement 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
Date : May 14, 2002.

CHOWGULE STEAMSHIPS LIMITED**DIRECTORS' REPORT 2001-2002**

To

The Shareholders,

Your Directors present the Thirty-ninth Annual Report and the Audited Accounts for the year ended March 31, 2002.

1. FINANCIAL RESULTS & APPROPRIATIONS :

	2001-2002 (Rs.in lacs)	2000-2001 (Rs.in lacs)
Profit prior to financial charges, depreciation and tax	4,152.75	5,312.27
Less: Financial Charges	2,035.81	2,328.14
Profit before Depreciation and Tax	2,116.94	2,984.13
Less: Depreciation for the year	2,287.83	2,372.41
Profit/(Loss) before Sale of Ships and Taxation	(170.89)	611.72
Less: Loss on Sale of Ships	3,378.21	-
Profit/(Loss) before Taxation	(3,549.10)	611.72
Less: Provision for Taxation (MAT)	-	51.84
Less: Provision for Deferred Tax (Net)	1,162.39	-
Profit/(Loss) after Tax	(2,386.71)	559.88
Add: Brought forward from previous year	559.88	-
Amount available for appropriation	(1,826.83)	559.88
Add: Income Tax refund of earlier years written back	-	-
Total amount available for appropriation	(1,826.83)	559.88
Balance Transferred to Balance Sheet	(1,826.83)	559.88

In view of the losses suffered by the Company, no dividend is being recommended.

2. OPERATIONS :

During the year under review, the fleet earnings and charter hire receipts amounted to Rs. 102.22 crores against Rs. 105.73 crores for the previous year, showing a decline of 3.32%. The international freight market witnessed a steep fall in the freight rates since July 2001, which affected the operations considerably. The global economy itself has been severely affected post 9/11, and there could have been no escape for your Company from its effects. There was also significant reduction in quantity of clinker transportation resulting in lower earnings from the coastal trade.

The management exercised a tight control over the operating expenses absorbing most of the cost escalations without significant increase in the total cost.

Your Company is looking at various alternatives to restructure its finances and reduce the debt burden with a view to improve the liquidity, bring down financing cost and make the operations cost efficient.

In line with the international shipping practice, your Company has decided to give the Technical and Crew Management of all the Panamax vessels and the Crew Management of all the coastal vessels to professional ship managers. It is expected that this change will be cost efficient and bring in the desired savings.

3. LOAN REPAYMENT :

The Company is going through a severe liquidity crunch since September 2001 in view of the substantial drop in the international freight rates, coupled with high cash outflows on account of instalment payments and interest during the financial year. Though the Company could meet most of its commitments, it could not fully discharge its repayment obligations to IFC in respect of its instalment due in October 2001 amounting to USD 0.75 million and instalments due to ICICI in the last quarter of the year amounting to Rs.217.75 lacs. In view of the uneconomic freight rates and mounting debt and interest burden, the Panamax Vessel

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M.V.Maratha Memory was sold in January 2002 and the proceeds thereof were utilised for prepayment of IFC loan. The Company also sold two of its Coastal Vessels namely M.V.Maratha Cruiser & M.V. Maratha Clipper which were more than ten years old and required substantial cash outlay for repairs and upgrading, which was not considered cost effective. During the year the Company repaid Rs.103.12 Crores despite severe cash constraints.

4. DEFERRED TAX LIABILITY :

In terms of Accounting Standard AS-22 issued by The Institute of Chartered Accountants of India, the Company has provided for net deferred tax liability of Rs.21.01 crores in respect of the period prior to April 01, 2001. The Company has deferred tax asset of Rs.11.62 crores for the Financial Year 2001-2002 which is reflected in the Profit & Loss Account. The net deferred tax liability of Rs.9.39 crores is reflected in the Balance Sheet.

5. REVALUATION OF BUILDINGS :

In order to reflect the true value, the Company has revalued its block of assets under "Buildings" as on 31.3.2002. Revaluation Reserve has been appropriately created for the same. For details, please see note 9 of "Notes to the Accounts".

6. 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.

7. INSURANCE :

The fleet of the Company has been insured against Marine and War Risks for about Rs. 349.33 Crores.

8. 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.

9. CORPORATE GOVERNANCE :

In terms of the listing agreement with the Stock Exchanges, the Management Discussion and Analysis Report and Corporate Governance Report are annexed hereto and form part of this Report.

10. DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors state as under :

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

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 loss of the Company for that period.

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.

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

11. 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.

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

The Company had one Employee as on March 31, 2002 who was employed throughout or for part of the year and was in receipt of remuneration exceeding Rs. 24 lacs p.a. or Rs. 2 lacs per month as the case may be.



CHOWGULE STEAMSHIPS LIMITED

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. 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 : May 14, 2002.

MANAGEMENT DISCUSSION AND ANALYSIS YEAR IN PERSPECTIVE

INTERNATIONAL FLEET :

The Financial Year 2001-2002 will be remembered for more than one reason. At the beginning of the year, there were signs that the economies of the developed countries were slowing down and the consequent recessionary trends were clearly visible.

For Dry Bulk Cargo Sector, the year started with a firm freight market despite significant new building additions. The prospects therefore looked quite bright for the year. Your Company enjoyed very remunerative freight rates as most of the ships were committed on period charter. However, the unfortunate events of September 11, triggered an economic crisis in Airline, Insurance, Banking, Trade and Transport sectors with the USA and other developed countries, putting new security restrictions, obstructing free flow of trade and commerce. This lasted for about six months and severely affected the Dry Bulk Sector. The freight earning of Panamax fleet of the Company has been at the average rate of USD 9016 per day as against USD 10043 per day during the previous year. This drop of 10% in earnings has adversely affected the profitability of the Company. The Company has sold one of its vessels M.V. Maratha Memory in January 2002 and utilised the sales proceeds to pay part of IFC loan. The reduction in outstanding loan will reduce interest cost and ease the company's liquidity position to an extent. At the year end, there were signs of economic recovery and the freight market has again started looking up. It is expected that the turnaround in the world economy will boost international trade and this will have positive effects on the shipping industry.

COASTAL FLEET :

In the case of Coastal Fleet, there was about 15% drop in Clinker quantity made available for transportation. This affected the earnings of Coastal division. During the year, the Company also employed its vessels for transportation of cement and other commodities for new clients. The Company intends to expand and strengthen its client base in future, so that the opportunities offered by various trades can be seized for better utilization of fleet.

During the year, the Company sold two of its coastal vessels i.e. M.V. Maratha Cruiser and Maratha Clipper which were more than 10 years in age and required substantial cash outlay for repairs and upgrading, which was not considered cost efficient. Besides the existing 4 vessels in the fleet, the Company has option to take additional vessels on charter as and when required. This also gives added flexibility in deployment of the fleet.

FUTURE OUTLOOK :

As mentioned hereinabove, there are signs of economic revival. The effects of 9/11 are slowly disappearing and the global trading activity is picking up very quickly. As a result, dry bulk freight rates are firming up. During the previous year, 110 new Panamaxes were delivered i.e. 9.5% addition to the fleet. As against this, during the current year, only 44 ships are expected to be delivered. Thus during 2002-2003 there will be only marginal

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addition to the Panamax tonnage. It is therefore expected that freight earnings in the next two years will be substantially higher.

The Company has taken various measures to make its operations cost efficient and has undertaken restructuring exercise. The Company has decided to focus its resources and time on commercial activities of shipping and has therefore decided to outsource technical and crew management activities. This restructuring in long run, will help the management in concentrating on commercial aspects. The Company has also undertaken exercises of financial restructuring with a view to balance its short term and long term financial obligations with its earning capacities. Unfavourable freight market during previous year has put considerable strain on the liquidity of the Company. It is therefore essential to restructure the external obligations of the Company to synchronize its earning potentials. The Company has already taken steps to put idle assets to remunerative use to improve its cash flow and liquidity. Constant efforts are being made to maximize returns out of existing assets. These steps will give positive results during the current year.

INTERNAL CONTROL SYSTEM :

The Company has adequate systems of internal controls commensurate with its size and operations. The internal controls are reviewed by the Audit Committee of the Board of Directors.

GOVERNMENT POLICIES :

Despite serious efforts by the Shipping Industry, the Government has not acceded to introducing of Tonnage Tax, which would have resulted in reducing the tax burden on Shipping Industry. The introduction of withholding tax on interest paid on external commercial borrowings in Union Budget 2001-2002 made it difficult for the Shipping Industry to raise foreign currency loans at competitive rates. However, Union Budget for the year 2002-2003 has provided certain relaxation under Section 33AC, which will give some relief to the Shipping Industry. If the Government expects further investments in Shipping Industry, it should take certain positive economic measures for supporting the industry in line with the international practices to encourage the Industry to acquire new vessels.

INDUSTRIAL RELATIONS :

19 employees opted for Voluntary Retirement under the Voluntary Retirement Scheme announced by the Company. The same has cost the Company about Rs.140 lacs. The reduction in the number of employees will bring in sizeable savings in terms of manpower cost.

Mumbai
Date : May 14, 2002.

FOR AND ON BEHALF OF THE BOARD
VIJAY V. CHOWGULE
CHAIRMAN

CORPORATE GOVERNANCE REPORT**1. CORPORATE GOVERNANCE PHILOSOPHY :**

Chowgule Steamships Limited (CSL) believes that good corporate governance is essential to achieve long term corporate goals and to enhance shareholder value. Your Company believes in functioning in a transparent manner and in proper accountability, auditing, disclosure and reporting.

CSL's operations and accounts are audited at two levels – Internal Audit and External Audit. CSL continues to follow procedures and practices in conformity with the Code of Corporate Governance as enunciated in the listing agreement.

2. BOARD OF DIRECTORS :

(a) Composition / Category of Directors

(i) Promoter Directors

Executive	-	1
Non Executive	-	2

TOTAL		3
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(ii) Independent Non Executive Directors - 3

(iii) Institutional Director (Independent) - 1

(ICICI which is both a lender and shareholder has nominated the Director)

CHOWGULE STEAMSHIPS LIMITED

(b) Attendance of each Director at the Board of Directors' meetings :

In all 7 Board Meetings were held during the financial year 2001-2002 on 24.04.2001, 09.07.2001, 23.07.2001, 11.10.2001, 31.10.2001, 29.01.2002 & 28.03.2002. The attendance of the Directors is as under:

NAME	No. of Board Meetings attended	Attendance at the previous AGM
Mr. Vijay V. Chowgule	7	P
Mr. Y.D. Chowgule	4	P
Mr. Deepak L. Chowgule	7	P
Mr. S.Y. Rege	7	P
Mr. M.R.B. Punja	6	A
Mr. S. Ramasubramanian	5	P
Mr. Dhananjay N. Mungale	3	P

P - Present, A - Absent

(c) Number of other Companies or Committees, the Director is a Director / Member.

NAME OF DIRECTOR	NO. OF OTHER PUBLIC LTD. COMPANIES IN WHICH DIRECTOR / MEMBERSHIP IN OTHER COMMITTEES		
Mr. Vijay V. Chowgule	8 - BM,	6 - CM,	0 - CC
Mr. Y.D. Chowgule	4 - BM,	0 - CM,	0 - CC
Mr. S.Y. Rege	9 - BM,	0 - CM,	2 - CC
Mr. M.R.B. Punja	13 - BM,	3 - CM,	4 - CC
Mr. S. Ramasubramanian	2 - BM,	1 - CM,	0 - CC
Mr. Dhananjay N. Mungale	8 - BM,	2 - CM,	1 - CC
Mr. Deepak L. Chowgule	0 - BM,	0 - CM,	0 - CC

BM - Board Member

CM - Committee Member

CC - Chairman of the Committee

3 AUDIT COMMITTEE :

For better Corporate Governance, promoting transparency and for enhancing the credibility of the financial disclosures of the Company, the Directors have constituted an Audit Committee comprising of the following Directors:

Mr. Vijay V. Chowgule

Mr. S. Ramasubramanian

Mr. Dhananjay N. Mungale

The Audit Committee meetings were chaired by Mr. S. Ramasubramanian. The Audit Committee met thrice during the financial year and the attendance details of the Committee members are as under :

NAME	NO. OF MEETINGS ATTENDED
Mr.S. Ramasubramanian	3
Mr. Vijay V. Chowgule	2
Mr. Dhananjay N. Mungale	2

Mr. Deepak L. Chowgule, Managing Director, Mr. M.P. Patwardhan, Director (Finance), the representatives of External and Internal Auditors attended the meetings as Invitees.

Mr. V.S. Murthy assumed the role of Secretary to the Audit Committee.

4. REMUNERATION COMMITTEE :

The Company has not appointed any Committee of Directors styled as "Remuneration Committee".

The Company appointed the Managing Director for a period of five years and the remuneration was fixed by