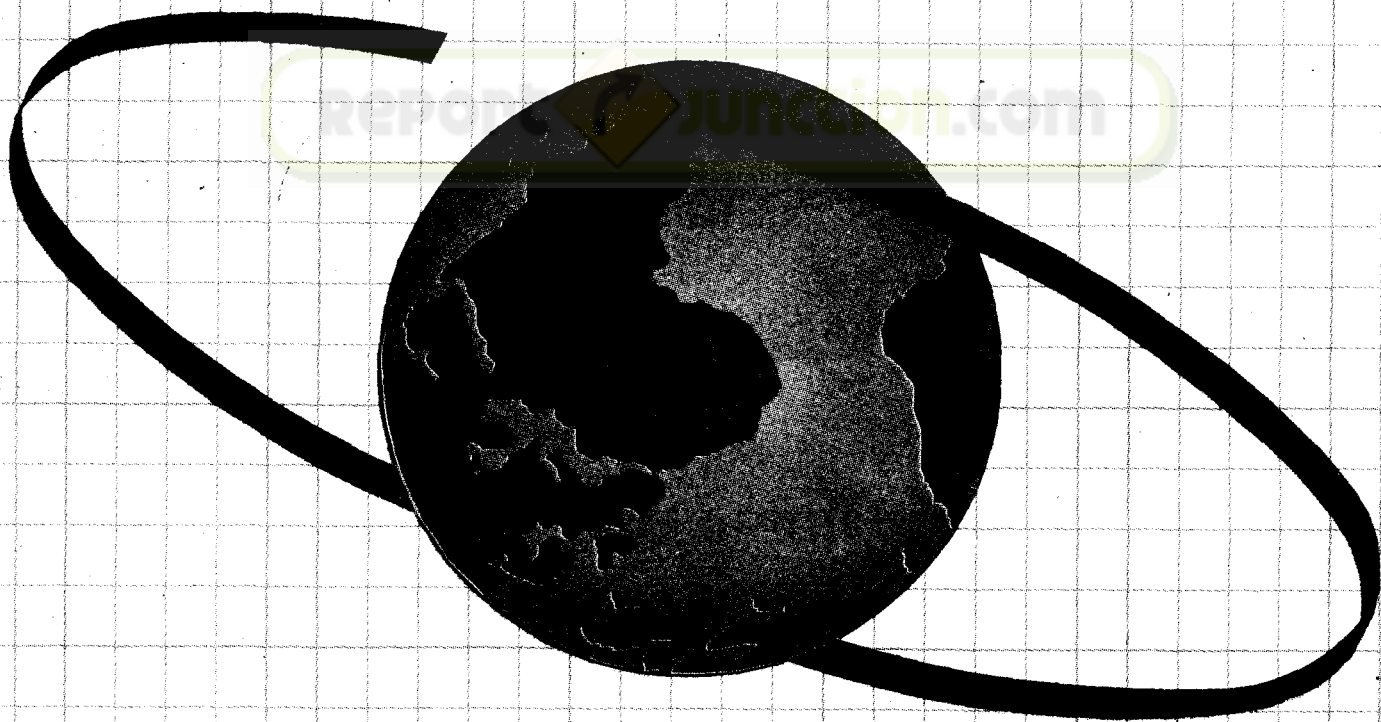
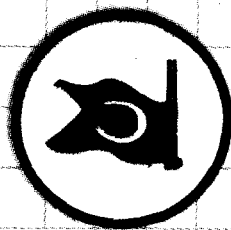


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CHOWGULE STEAMSHIPS LTD.



CHOWGULE STEAMSHIPS LIMITED

Fleet Profile

	Name	Year Built	DWT (M.T.)
1.	"M. V. Maratha Mission"	1985	76905
2.	"M. V. Maratha Messenger"	1995	71252
3.	"M. V. Maratha Classic"	1993	2048
4.	"M. V. Maratha Courage"	1994	2053
5.	"M. V. Maratha Crystal"	1997	3500
6.	"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
M. P. Patwardhan	Executive Director	- Non-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

75-77, Maker Chambers VI
7th Floor, Nariman Point,
Mumbai - 400 021.
Tel. (022) 2202 6822 Fax: (022) 2202 4845
E-mail : csl@chowgule.co.in

Share Transfer Agents

Sharepro Services
Satam Estate
3rd Floor, Above Bank of Baroda, Chakala
Andheri (East), Mumbai - 400 099.
Tel. (022) 2832 9828 / 2834 8218
Fax : (022) 2837 5646
Email : sharepro@vsnl.com

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CHOWGULE STEAMSHIPS LIMITED**NOTICE**

NOTICE is hereby given that the Forty First 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 Friday, July 30, 2004 at 11 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, 2004 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. 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 modification, the following Resolution as an **ORDINARY RESOLUTION** :

“RESOLVED THAT Mr. M.P. Patwardhan who was co-opted as an Additional Director and appointed as Executive Director of the Company pursuant to Sections 198, 269, and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director liable to retire by rotation.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. M.P. Patwardhan as a Wholtime Director of the Company for a period of 3 years from October 16, 2003 to October 15, 2006, upon the terms and conditions as set out in the draft agreement laid before the meeting to be entered into between the Company and Mr. M.P. Patwardhan, be and is hereby approved, ratified and confirmed 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. M.P. Patwardhan.”

“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,
Date : April 19, 2004

NOTES :

- 1) 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 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.
- 2) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 setting out the material facts in respect of the Special Business is annexed hereto.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from July 15, 2004 to July 30, 2004, both days inclusive.
- 4) Members are requested to bring their copy of the Annual Report to the Meeting.

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- 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.
- 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) Unclaimed Dividend for the year 1995-96 has been transferred to the Investor Education and Protection Fund in November 2003.
- 9) Members who have not encashed dividend warrants for the year 1996-97 may approach the Company's Mumbai Office without further delay. The amount standing to the credit of unpaid dividend account for 1996-97 will get transferred to the Investor Education and Protection Fund in October 2004.
- 10) The shares of the Company are listed on the Stock Exchange at Mumbai and the listing fees upto the financial year 2004-2005 have been paid to the Mumbai Stock Exchange.
- 11) The shares of the Company have been delisted from the Delhi Stock Exchange w.e.f. January 23, 2004 in terms of the SEBI (Delisting of Securities) Guidelines, 2003.
- 12) Securities & Exchange Board of India has mandated that delivery of shares of the Company are compulsorily in the dematerialised form for all investors.
- 13) 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

V.S. MURTHY
COMPANY SECRETARY &
GENERAL MANAGER

Place : Mumbai,
Date : April 19, 2004

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 30, 2004.

Item No.5

The Board of Directors of the Company appointed Mr.M.P.Patwardhan (60) as an Additional Director, designated as Executive Director of the Company with effect from October 16, 2003.

The Members are informed that Mr.M.P.Patwardhan on his induction to the Board of Directors of the Company was appointed as Executive Director of the Company for a period of 3 years from October 16, 2003 on payment of remuneration as recommended by the Remuneration Committee in the grade fixed by the Board for Executive Directors in accordance with the guidelines under the provisions of the Companies Act, 1956 for the time being in force and subject to the approval of the members at the ensuing Annual General Meeting.

Mr. M. P. Patwardhan holds a degree of Master of Commerce and is a Fellow of Institute of Cost and Works Accountants of India. He is a member of the British Institute of Management, London and also the Associate Member of Indian Institute of Bankers. He has varied Industry experience of over 30 years and his appointment will be beneficial to the Company.

Mr.M.P.Patwardhan was previously employed with Narmada Cement Company Limited in the capacity of Director (Finance). He is a member of the Board of Directors of Jaigad Ports Infrastructure (P) Limited.

CHOWGULE STEAMSHIPS LIMITED

The following are the terms of remuneration as approved by the Board on the recommendations of the Remuneration Committee:

- i) Basic Salary : Rs.75,000 per month in the Scale of Rs.75,000 – 10,000 – 1,55,000 (Annual increments due and payable in April each year)
- ii) 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 & furnishing.
 - ii) **Medical Reimbursement :** Reimbursement of all the medical and Hospitalization expenses for self & 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 admission / life membership fees.
 - iv) **Personal Accident Insurance :** For self and family. Premium not to exceed Rs.10,000/- per annum.
 - v) **Leave Travel Reimbursement :** Leave Travel reimbursement for self & family up to a maximum of one month's salary per year.
- iii) Other Benefits :
 - a) Contribution to Provident Fund and Superannuation Fund to the extent not taxable under the 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 on telephone shall be billed by the Company to the Executive Director.
 - 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.
- iv) Commission : To be determined by the Board at the end of each financial year but not exceeding 3 months' salary subject to the overall ceiling prescribed in Sections 198 and 309 of the Companies Act, 1956.
- v) Minimum Remuneration : Where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the remuneration payable 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 under item (iii) (a) (b) (d) & (e) 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.
- vi) Reimbursement: Reimbursement of travelling and entertainment expenses actually incurred by the Executive Director for the purpose of the business of the Company.

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

The terms of appointment of Mr. M. P. Patwardhan as Executive Director as contained in Resolution No.5 of the Notice may also be treated as an abstract of the terms of his appointment as required under Section 302 of the Companies Act, 1956. Mr. M. P. Patwardhan is concerned or interested in the Resolution since it relates to his own appointment and payment of remuneration.

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 : April 19, 2004



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DIRECTORS' REPORT 2003-2004

To
The Shareholders,

Your Directors present the Forty First Annual Report and the Audited Accounts for the year ended March 31, 2004.

1. FINANCIAL RESULTS & APPROPRIATIONS :

	2003-2004 (Rs.in lacs)	2002-2003 (Rs.in lacs)
Profit prior to financial charges, depreciation and tax	2469.96	933.39
Less : Financial Charges	508.41	916.17
Profit before Depreciation and Tax	1961.55	17.22
Less: Depreciation for the year	953.16	1307.22
Profit/(Loss) before Sale of Ships and Taxation	1008.39	(1290.00)
Profit/(Loss) on Sale of Ships	-	280.04
Profit/(Loss) before Taxation	1008.39	(1009.96)
Income Tax of earlier years written off	(11.75)	-
Provision for Taxation	(75.63)	-
Profit before Deferred Tax Provision	921.01	(1009.96)
Provision for Deferred Tax (Net)	(52.50)	713.64
Profit/(Loss) after Tax	868.51	(296.32)
Brought forward from previous year	(2123.15)	(1826.83)
Balance Transferred to Balance Sheet	(1254.64)	(2123.15)

Though the Company has made profits during the year, in view of the carry forward losses and in order to conserve the resources, no dividend is being recommended.

2. MANAGEMENT DISCUSSION AND ANALYSIS/OPERATIONS REPORT :**INTERNATIONAL FLEET :**

The Financial Year 2003-2004 commenced on an optimistic note. The improvement in freight rates seen in the second half of 2002-2003 started gathering momentum in the current financial year. There was huge demand for Iron Ore and Coal from China, which further fuelled demand for bulk carriers, resulting in marked improvement in freight rates. The global economy which was sluggish during the last two years, has shown signs of growth during 2003-2004 and is estimated to have expanded about 3.2% during the year.

COMPANY'S PERFORMANCE

During the current financial year, the freight earnings and charter hire receipts amounted to Rs.50.58 crores as against Rs.51.03 crores during the previous year. However, previous year's earnings include earnings of 2 Panamax Vessels for six months, which were sold in September 2002.

There was reduction in the earnings of Coastal fleet as the freight rates in the coastal trade were substantially low. Higher freight earnings of international fleet of the Company boosted the profit before tax to Rs.10.08 crores as against the loss of Rs.10.10 crores during the previous financial year. As required under Accounting Standard AS-26, the profit for the current year has been reported after charging off dry docking expenditure of Rs.430.56 lacs incurred during the year. In the past, the company followed the practice of spreading the dry

CHOWGULE STEAMSHIPS LIMITED

docking expenses over a period of 30 months and if the Company had continued with this policy, the profit before tax would have increased by Rs. 301.39 lacs to Rs. 1309.78 lacs.

The steps taken by the Management during the earlier years to reduce the cost and improve the efficiency have started showing results. The Company has substantially reduced its interest burden from Rs.9.16 crores to Rs.5.08 crores.

FUTURE OUTLOOK

The current market scenario in dry bulk sector appears to be very promising. The global economy has resumed its normal growth. As a consequence, it is expected that there will be a sizeable growth in the demand for Coal, Iron Ore, etc. The dry bulk fleet is likely to grow at 5% to 6% during the year 2004-2005. This supply / demand situation augurs well for dry bulk sector and the freight rates are expected to remain at very healthy levels. However, any basic change in the economic policies of China or any unexpected Geopolitical events may change this situation drastically. At present sale and purchase market for ships is very strong and the year 2004-2005 will present good opportunity for fleet renewal and profit booking.

INTERNAL CONTROL SYSTEM

The Company has effective systems of internal controls, which are reviewed by the Audit Committee of the Board of Directors.

GOVERNMENT POLICIES

It is heartening to note that the Government has recognised the importance of Shipping Industry in the development of Indian Economy and has initiated positive steps to encourage investment in Indian Fleet. The Finance Minister in his speech has made a commitment to introduce Tonnage Tax in the forthcoming finance bill. If this commitment materializes, it will help renewal and expansion of Indian Shipping Tonnage.

INDUSTRIAL RELATIONS

The Industrial Relations during the year were cordial and there were no industrial disputes.

3. LOAN REPAYMENT :

During the year, the Company has repaid loan instalments due to DBS, Singapore and ICICI Bank on due dates. A total amount of Rs.1574.16 lacs has been paid towards repayment of loans. There are no over-dues of loans or interest as at the end of the year under review.

4. DEFERRED TAX LIABILITY :

In terms of Accounting Standard AS-22 issued by The Institute of Chartered Accountants of India, the Company has recognised deferred tax liability of Rs. 52.50 lakhs for the Financial Year 2003-2004, which is reflected in the Profit & Loss Account. The net deferred tax liability of Rs. 278.05 lakhs as at March 31st, 2004 is reflected in the Balance Sheet.

5. SUBSIDIARY :

During the previous year, the Company's subsidiary, viz. Chowgule Steamships Overseas Limited, Guernsey, (CSOL) commenced its operations by taking two Panamax vessels on bareboat charter agreement. During the current year CSOL earned an income of US\$ 6.483 million and made a profit of US\$ 0.522 million on its operations. The information relating to CSOL 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.242.18 Crores.

7. DIRECTORS :

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

During the year, Mr.M.P.Patwardhan, was co-opted to the Board as an Additional Director and appointed Executive Director of the Company for a period of 3 years w.e.f. October 16, 2003. Mr.M.P.Patwardhan has varied industry

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experience of over 30 years and his appointment will be beneficial to the Company.

Your Company has received a notice from a member pursuant to Section 257 of the Companies Act 1956 proposing the candidature of Mr.M.P.Patwardhan for the office of Director. For further details please refer to item 5 of the accompanying Notice.

8. CORPORATE GOVERNANCE :

In terms of the listing agreement with the Stock Exchange, the Corporate Governance Report is annexed hereto and forms a part of this Report.

9. VOLUNTARY DELISTING OF SHARES FROM DELHI STOCK EXCHANGE

Pursuant to the Company's application, the Equity Shares of the Company were delisted from the Delhi Stock Exchange w.e.f. January 23, 2004 in terms of the SEBI (delisting of securities) Guidelines 2003.

10. 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.

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.

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 & Co., 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, 2004, 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.

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 Shipping, Ministry of Finance, the Directorate General of Shipping, Reserve Bank of India, ICICI Bank 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.

Mumbai,
Date : April 19, 2004

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

CHOWGULE STEAMSHIPS LIMITED

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 believes 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		(iii) Independent	
Executive	- 1	Non Executive Directors	- 3
Non Executive	- 2	(iv) Independent Institutional Director	- 1
(ii) Non-promoter		(ICICI Bank Ltd. which is a lender has	
Executive Director	- 1	nominated the Director)	

TOTAL : 8

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

In all four Board Meetings were held during the financial year 2003-2004 on 26.05.2003, 31.07.2003, 07.10.2003 and 21.01.2004, The attendance of the Directors is as under:

NAME	No. of Board Meetings attended	Attendance at the previous AGM
Mr. Vijay V. Chowgule	3	A
Mr. Y.D. Chowgule	3	P
Mr. S.Y. Rege	3	A
Mr. M.R.B. Punja	4	P
Mr. S. Ramasubramanian	1	A
Mr. Dhananjay N. Mungale	3	P
Mr. Deepak L. Chowgule	4	P
Mr. M. P. Patwardhan	1*	P

P – Present, A – Absent * Appointed Director w.e.f. 16.10.2003

(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	7 – BM	7-CM	0-CC
Mr. Y.D. Chowgule	1 – BM	0-CM	0-CC
Mr. S.Y. Rege	7 – BM	1-CM	0-CC
Mr. M.R.B. Punja	11-BM	5-CM	5-CC
Mr. S. Ramasubramanian	1 – BM	1-CM	0-CC
Mr. Dhananjay N. Mungale	9 – BM	1-CM	3-CC
Mr. Deepak L. Chowgule	1 – BM	0-CM	0-CC
Mr. M. P. Patwardhan	0 – BM	0-CM	0-CC

BM–Board Member,

CM–Committee Member,

CC–Chairman of the Committee