



# **CHOWGULE STEAMSHIPS LTD.**

**42ND ANNUAL REPORT 2004-2005**

# 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
D. N. Mungale		- Independent Non-Executive Director
S. Ramasubramanian	ICICI Nominee	- Independent Non-Executive Director (upto August 24, 2004)
M.K. Tandon	ICICI Nominee	- Independent Non-Executive Director (from August 24, 2004 to January 21, 2005)
Deepak L. Chowgule	Managing Director	- Promoter Executive Director
M. P. Patwardhan	Executive Director	- Non-promoter Executive Director

## Vice President & Company Secretary

V. S. Murthy Compliance Officer

## Vice President & CFO

M. S. Sawant

## 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 : murthy.csl@chowgule.co.in

## Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.  
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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## Annual Report 2004-2005

**NOTICE**

NOTICE is hereby given that the Forty Second 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 Monday, July 25, 2005 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, 2005 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 declare Dividend for the year ended March 31, 2005
3. To appoint a Director in place of Mr. M.R.B.Punja, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D.N.Mungale who retires by rotation and is eligible for re-appointment.
5. 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 (THROUGH POSTAL BALLOT)**

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:  
 "RESOLVED THAT pursuant to Section 293(1) (a) and other applicable provisions of the Companies Act, 1956, (the Act) if any, consent be and it is hereby accorded to the Board of Directors to sell the Panamax Vessel, M.V.Maratha Messenger belonging to the Company on such terms and conditions as the Board of Directors may in its absolute discretion consider appropriate."  
 "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise and settle all or any matters relating to and incidental to the sale of the aforesaid vessel and to execute all such documents and to do all such other acts, deeds, matters and things as may be necessary for completion of the transaction."
7. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:  
 "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association be and are hereby altered in the manner and to the extent set out below :  
 That after existing Article 9, following new Article shall be inserted :  
 9a : Buy Back of Shares  
 Notwithstanding anything contained in these articles, the Board of Directors may, if thought fit, buy-back such of the Company's own shares or securities as it may think necessary, at such time, subject to such limits, upon such terms and conditions, and in accordance with the provisions of Sections 77A, 77AA and 77B of the Act or any statutory modification thereto and such other regulations and guidelines as may be applicable in this regard.  
 RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such actions and do all such things as may be necessary from time to time for giving effect to the above Resolution and matters incidental thereto."

By order of the Board of Directors  
For CHOWGULE STEAMSHIPS LIMITED

V.S. MURTHY  
VICE PRESIDENT &  
COMPANY SECRETARY

Place : Mumbai,  
Date : April 27, 2005

**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) In terms of Section 192A of the Companies Act, 1956, a listed company may propose any Resolution to be passed through Postal Ballot in accordance with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 (the rules). Members are requested to carefully read the instructions printed in the Postal Ballot Form for item Nos. 6 & 7 sent herewith and return the Form duly completed, in the attached self-addressed postage pre-paid envelope so as to reach Mr. S.D. Bal, the Scrutinizer on or before July 21, 2005. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny and the Resolution will become effective on and from the date of the Report of Scrutinizer. The Report of the Scrutinizer on the Postal Ballot will be announced on July 25, 2005, the date of the forthcoming AGM.

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- 4) The Register of Members and Share Transfer Books of the Company will remain closed from July 12, 2005 to July 25, 2005, both days inclusive.
- 5) 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.
- 6) Unclaimed Dividends for the years 1995-96 & 1996-97 (latter in November 2004) have been transferred to the Investor Education and Protection Fund. Members have no right or claim whatsoever against this.
- 7) The Shares of the Company are listed on the Stock Exchange at Mumbai and the listing fee upto the financial year 2005-2006 has been paid to the Mumbai Stock Exchange.
- 8) Members holding Shares in dematerialized form are requested to note that the bank details furnished by them to their respective Depository Participants will be printed on the Dividend Warrants, if they have not opted for Electronic Clearing Service (ECS).  
Members desirous of receiving their dividend directly in their bank account through Electronic Clearing Service (ECS) are requested to inform their ECS mandate to the Registrars and Transfer Agent of the Company. For this, the members may fill in the necessary details as provided at the bottom portion of the Proxy Form.
- 9) 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 (India) Pvt. Ltd., Satam Estate, 3<sup>rd</sup> 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**  
VICE PRESIDENT &  
COMPANY SECRETARY

Place : Mumbai,  
Date : April 27, 2005

## 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 25, 2005.

### Item No. 6

#### Sale of Vessel

The Company's Panamax Vessel M.V.Maratha Messenger, built in 1995, is in the fleet of the Company since the last ten years. The Sale & Purchase prices for the second hand Panamax vessels are now very attractive and your Company would like to take advantage of the situation.

It is therefore proposed to make efforts to find a buyer for the said Vessel M.V.Maratha Messenger at the best possible market price and finalise the sale. The sale proceeds would be utilized partly for repayment of balance loans and partly for expansion of the Company's and or its subsidiary's fleet at an appropriate time.

Your Directors therefore commend the Ordinary Resolution at item No.6 for approval of the Members.

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

### Item No. 7

#### Alteration of Articles of Association

Sections 77A, 77AA and 77B of the Companies Act, 1956 stipulate provisions for purchase of own shares and other specified securities by a Company. However, pursuant to clause (a) of sub-section (2) of Section 77A of the said Act, the Company is required to have necessary authorisation in its Articles of Association for buy-back of shares.

Accordingly, it is proposed to alter the Articles of Association of the Company by insertion therein of a new Article 9a immediately after the existing Article 9. The new article contains the enabling powers of the Company to buy-back its own shares in accordance with the applicable statutory provisions and guidelines.

Your Directors therefore commend the Special Resolution at item No. 7 for approval of the Members.

Excepting Mr.Vijay V. Chowgule, Mr.Y.D.Chowgule, Mr. Deepak L. Chowgule and Mr. S.Y.Rege to the extent of their respective shareholdings, none of the other Directors is in any way concerned or interested in the Resolution.

By order of the Board of Directors  
For CHOWGULE STEAMSHIPS LIMITED

**V.S. MURTHY**  
VICE PRESIDENT &  
COMPANY SECRETARY

Place : Mumbai,  
Date : April 27, 2005



## Annual Report 2004-2005

**DIRECTORS' REPORT 2004-2005**

To

The Shareholders,

Your Directors present the Forty Second Annual Report and the Audited Accounts for the year ended March 31, 2005.

**1. FINANCIAL RESULTS & APPROPRIATIONS :**

	<b>2004-2005</b> <b>(Rs.in lacs)</b>	<b>2003-2004</b> <b>(Rs.in lacs)</b>
Profit prior to financial charges, depreciation and tax	1717.02	2469.96
Less : Financial Charges	398.31	508.41
Profit before Depreciation and Tax	1318.71	1961.55
Less: Depreciation for the year	849.41	953.16
Profit/(Loss) before Sale of Ships and Taxation	469.30	1008.39
Profit/(Loss) on Sale of Ships	5245.54	-
Profit/(Loss) before Taxation	5714.84	1008.39
Income Tax of earlier years written off	1.31	(11.75)
Provision for Taxation	447.72	(75.63)
Profit before Deferred Tax Provision	5265.81	921.01
Provision for Deferred Tax (Net)	2241.98	( 52.50)
Profit/(Loss) after Tax	3023.83	868.51
Prior Period Items	3.33	-
Brought forward from previous year	(1254.64)	(2123.15)
Available for Appropriation	1765.86	(1254.64)
Transferred to General Reserve	75.51	-
Proposed Dividend	363.08	-
Tax on Proposed Dividend	47.45	-
Balance Transferred to Balance Sheet	1279.82	(1254.64)

**DIVIDEND**

In view of the satisfactory financial results, your Directors have pleasure in recommending a Dividend of Re.1/- (10%) per equity share on 3,63,08,425 equity shares for the financial year 2004-2005.

It is recommended that an amount of Rs. 75.51 lacs be transferred to the General Reserve and the balance of Rs.2534.46 lacs be retained in the Profit & Loss Account.

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

The Financial Year 2004-2005 was marked with a positive economic growth all around. The global GDP growth in 2004 was at 4.1%. The US economy has shown a growth of 3.6% as against 2.2% achieved during the previous year and China continued to show a very strong growth at 8.5%. This positive economic growth resulted in substantial growth in energy demand, boosting transportation of oil and coal. The fast pace industrialisation in China and India resulted in the growth of the volume of dry bulk cargo. Primarily, the growth in dry bulk cargo was on account of China, with increase in Iron Ore imports from 148 million tons in 2003 to 207 million tons in 2004. As against this robust growth in demand, the growth in dry bulk capacity was restricted. This resulted in a very substantial increase in dry bulk freight rates. However, there was volatility in freight markets during the year with the freight rates reaching the peaks and troughs frequently.

**COMPANY'S PERFORMANCE**

During the current financial year, the Company sold its oldest Panamax vessel M.V.Maratha Mission in October 2004 at a price of USD 12.75 million. The Company decided to take advantage of market opportunity by selling its ship at a strong market price. The freight earnings and charter hire receipts during the year amounted to Rs.39.84 crores as against Rs.49.18 crores during the previous year. The reduction in income is on account of sale of M.V. Maratha Mission in October 04.

The Company has also sold its oldest coastal vessel M.V.Maratha Classic in September 2004. The Company has employed the remaining three coastal vessels on long term time charter at significantly improved freight rates.

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The Company's vessels viz. M.V. Maratha Messenger, M.V. Maratha Coral and M.V. Maratha Courage were drydocked during the year and an amount of Rs. 4.74 crores has been spent towards drydock expenses.

## **FUTURE OUTLOOK**

The market for dry bulk cargo continues to be firm. However, the freight rates are expected to be softer as compared to 2004-2005. As mentioned earlier, Chinese demand played a dominant role in driving the dry bulk market and any change in the economic policy of China or unexpected global events will have immediate impact on dry bulk freight market. Your Company proposes to expand its fleet and will look for the right opportunity for acquisition of additional ships.

## **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 the Shipping Industry in the development of the Indian economy and has initiated positive steps to encourage investments in the Indian Shipping Sector. The Government is paying special attention to the development of coastal shipping and encouraging inland water transport. The priority given by the Central Government to launch the Sethu Samudram Project will open up new avenues for coastal transportation of goods and passengers. Policy measures on private sector participation in the development of ports, container terminals, etc. will further encourage water transportation.

## **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 paid an amount of Rs. 28.33 crores towards repayment of loans. The Company has paid the entire loan of Rs. 17.12 crores of ICICI Bank Limited and two instalments totalling Rs. 8.29 crores (USD 1.890 million) of DBS, Singapore. The only term loan outstanding as at the end of the financial year is USD 2.835 million of DBS, Singapore. As at the end of the financial year, the Company has a very strong debt equity ratio of 0.12 : 1

### **4. DEFERRED TAX LIABILITY**

In terms of the Accounting Standard AS-22 issued by The Institute of Chartered Accountants of India, the Company has recognized deferred tax liability of Rs. 2242 lakhs for the Financial Year 2004-2005, which is reflected in the Profit & Loss Account. The net deferred tax liability of Rs. 2520 lakhs as at March 31, 2005 is reflected in the Balance Sheet.

### **5. SUBSIDIARY**

The Company's subsidiary viz Chowgule Steamships Overseas Limited, Guernsey, (CSOL) purchased two Panamax Vessels - M.V. Global Trust and M.V. Global Triumph from the owners at a total price of USD 18.5 million. These two ships are now owned and operated by the two Wholly Owned Subsidiaries of CSOL i.e. M.V. Global Trust by Fairweather LLC and M.V. Global Triumph by Sunshine LLC. For the purchase of these two vessels, CSOL raised a loan of USD 15 million from DVB Bank, Singapore on competitive terms. The outstanding loan as at March 31, 2005 is USD 13.2 million.

During the financial year 2004-2005, CSOL has incurred a loss of USD 0.247 Million (Rs. 1.08 crores) after charging depreciation of USD 1.886 Million (Rs. 8.25 crores). CSOL is expected to make a turnaround during the current financial year in view of strong freight markets.

### **6. INSURANCE**

The fleet of the Company has been insured against Marine and War Risks for about Rs. 195 crores.

### **7. DIRECTORS**

Mr. M.R.B. Punja and Mr. Dhananjay N. Mungale, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

## Annual Report 2004-2005

During the year, ICICI Bank nominated Mr.M.K.Tandon in place of Mr. S. Ramasubramanian as Director on the Board of the Company. On full repayment of its loan, ICICI Bank withdrew the nomination of Mr.M.K.Tandon from the Board w.e.f. 21.01.2005.

The Board places on record its sincere appreciation of the contributions made by Mr. S. Ramasubramanian and Mr. M.K.Tandon.

### 8. POSTAL BALLOT

The Shareholders may please note that Item No.6 of the Notice pertaining to the sale of the Company's Panamax Vessel M.V.Maratha Messenger and Item no. 7 pertaining to alteration of Articles for buyback of Shares are proposed to be passed through the Postal Ballot in accordance with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules 2001. The Shareholders may carefully go through the instructions mentioned elsewhere.

### 9. 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.

### 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 profits 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, 2005, 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 27, 2005

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

Executive - 1  
Non Executive - 2

Total 3

(ii) Non-promoter Directors

Executive - 1  
(iii) Independent  
Non Executive - 3

Total 4

GRAND TOTAL : 7

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

In all four Board Meetings were held during the financial year 2004-2005 on 19.04.2004, 30.07.2004, 27.10.2004 and 20.01.2005, The attendance of the Directors is as under :

NAME	No. of Board Meetings attended	Attendance at the previous AGM
Mr. Vijay V. Chowgule	4	P
Mr. Y.D. Chowgule	1	P
Mr. S.Y.Rege	4	P
Mr. M.R.B.Punja	4	P
Mr. Dhananjay N. Mungale	3	P
Mr. S. Ramasubramanian *	0	A
Mr. M.K.Tandon *	1	NA
Mr. Deepak L. Chowgule	4	P
Mr. M.P. Patwardhan	4	P

P – Present, A – Absent, NA – Not Applicable, \* No more Directors

(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	1 – BM	0-CM	0-CC
Mr. S.Y. Rege	7 – BM	3-CM	0-CC
Mr. M.R.B. Punja	10-BM	5-CM	5-CC
Mr. Dhananjay N. Mungale	8 – BM	3-CM	3-CC
Mr. Deepak L. Chowgule	0 – 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

### 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 presently comprising of the following Directors :

Mr. Dhananjay N. Mungale

Mr. S.Y.Rege

Mr. Vijay V. Chowgule



## Annual Report 2004-2005

Mr. Dhananjay N. Mungale is the Chairman of the Audit Committee. Mr. Dhananjay N. Mungale has the requisite financial and accounting knowledge. The Audit Committee Meetings were chaired thrice by Mr.Dhananjay N. Mungale and once by Mr.S.Y.Rege. The Audit Committee met on four occasions during the financial year and the attendance details of the Committee members are as under :

NAME	NO. OF MEETINGS ATTENDED
Mr.Dhananjay N. Mungale	3
Mr. S.Y.Rege	4
Mr. Vijay V. Chowgule	4

Mr. Deepak L. Chowgule, Managing Director, Mr. M.P. Patwardhan, Executive Director, the representatives of External Auditors attended all the meetings as invitees, whereas the representative of Internal Auditor attended one meeting.

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

#### 4. REMUNERATION COMMITTEE :

The Board of Directors has formed a Remuneration Committee presently comprising of the following Directors:

- 1) Mr. S.Y.Rege
- 2) Mr. Dhananjay N. Mungale
- 3) Mr.Vijay V. Chowgule

The role of the Remuneration Committee is to determine and recommend the Company's policy on specific remuneration package for Wholtime Directors and Senior Management personnel.

During the financial year, the Remuneration Committee met once on April 19, 2004. Mr. S.Y.Rege took the chair; Mr.Dhananjay N. Mungale and Mr.Vijay V. Chowgule were the other attendees. Mr. V.S.Murthy assumed the role of the Secretary to the Committee.

#### 5. REMUNERATION OF MANAGING DIRECTOR / EXECUTIVE DIRECTOR :

- a) The Company appointed the Managing Director for a period of five years with effect from June 13, 2001 and the remuneration was fixed by the Board and approved by the shareholders. The details of remuneration paid during April 2004 – March 2005 are as under :

Name	:	Mr. Deepak L. Chowgule
Designation	:	Managing Director
All elements of remuneration package inclusive of Salary Benefits, Provident Fund, Gratuity, Bonus, Pension, etc	:	Rs. 52.23 lacs
Service Contract, Notice Period etc	:	The Contract is for a period of five years commencing from June 13, 2001 and the notice of termination is three months on either side.
Stock Option	:	NIL

- b) The Company appointed the Executive Director for a period of three years with effect from October 16, 2003 and the remuneration as recommended by Remuneration Committee was fixed by the Board of Directors and approved by the shareholders. The details of the remuneration paid from April 01, 2004 to March 31, 2005 are as under :

Name	:	Mr.M.P.Patwardhan
Designation	:	Executive Director
All elements of remuneration package inclusive of Salary Benefits, Provident Fund, Gratuity, Bonus, Pension, etc.	:	Rs. 20.04 lacs
Service Contract, Notice Period etc.	:	The Contract is for a period of 3 years commencing from October 16, 2003 and the notice of termination is three months on either side.
Stock Option	:	NIL

- c) Non-Executive Directors
- |                         |           |
|-------------------------|-----------|
| Mr.Vijay V. Chowgule    | Rs.65,000 |
| Mr.Y.D.Chowgule         | Rs. 5,000 |
| Mr.S.Y.Rege             | Rs.65,000 |
| Mr.M.R.B.Punja          | Rs.20,000 |
| Mr.Dhananjay N. Mungale | Rs.35,000 |
| Mr. S. Ramasubramanian  | NIL       |
| Mr.M.K.Tandon           | Rs. 5,000 |

#### 6. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE :

The Company's Shareholders' and Investors Grievances Committee functions under the Chairmanship of Mr.S.Y.Rege. Other members are Mr.Vijay V. Chowgule, Mr.Deepak L. Chowgule and Mr.M.P.Patwardhan. Mr.V.S. Murthy is the Compliance Officer. The Committee used to meet periodically to deal with the share related matters like transfers etc. and monitor redressal of complaints

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from the shareholders. However, the functions of transfer of shares were delegated to the Committee of Officers with effect from November 2001 which meets fortnightly for considering applications for share related matters. This Committee reports to the Shareholders' and Investors' Grievances Committee. The Shareholders' and Investors' Grievances Committee met on four occasions between April 04 and March 05. At its meetings, the Committee goes into the details of the grievances if any and verifies that they have been attended to. Between April 2004 and March 2005, 92 Shareholder complaints were received. As at March 31, 2005, 5 complaints remained to be resolved which have since been resolved. There were no shares pending for transfer from the shareholders as at March 31, 2005.

## 7. DIRECTORS :

Mr. M.R.B.Punja (80) and Mr.D.N.Mungale, (52), Directors, retire by rotation and being eligible, have offered themselves for reappointment. Particulars of Directors are as under :

a) Mr.M.R.B.Punja is Ex-Chairman and Managing Director of Industrial Development Bank of India (IDBI). He has been a Director of the Company for about 18 years.

Mr.M.R.B.Punja is a Director on the Boards of the following Public Limited Companies :

i)	Andhra Petrochemicals Limited	Chairman
ii)	LML Limited	Chairman
iii)	Suprajit Engineering Limited	Chairman
iv)	Adeep Roloforms Limited	Chairman
v)	Adeep Locks Limited	Chairman
vi)	Hindustan Spinning & Weaving Mills Ltd.	Director
vii)	Apollo Tyres Limited	Director
viii)	Deepak Nitrite Limited	Director
ix)	Sushruta Medical Aid & Research Hospital Ltd	Director
x)	Seshasayee Paper & Boards Limited	Director

Mr. M.R.B.Punja is a member of other Committees of Directors as under :

i)	Deepak Nitrite Limited	Audit Committee	Chairman
ii)	LML Limited	Audit Committee	Chairman
		Share Transfer/Shareholder	
		Redressal Committee	Member
iii)	Suprajit Engineering Ltd	Audit Committee	Chairman
		Share Transfer Committee	Member
iv)	Seshasayee Paper & Boards Limited	Audit Committee	Chairman
		Remuneration Committee	Member
v)	Apollo Tyres Limited	Audit Committee	Chairman
		Remuneration Committee	Member
vi)	Hindustan Spinning & Weaving Mills Limited	Audit Committee	Member

b) Mr.Dhananjay N. Mungale holds the qualification of B.Com., LL.B., A.C.A. and currently holds a British Passport. He is presently acting as adviser to various corporations and start up Companies in India and Europe. He is on the Boards of the following Public Limited Companies :

i)	Caprihans India Limited
ii)	Camlin Limited
iii)	Indoco Remedies Limited
iv)	Indo Count Industries Ltd (IDBI Nominee)
v)	LIC Housing Finance Limited
vi)	South India Corporation (Agencies) Ltd.
vii)	Tamilnadu Petroproducts Limited
viii)	Mahindra & Mahindra Financial Services Ltd

Mr. Dhananjay N. Mungale is a member of other Committees of Directors as under :

i)	Camlin Limited	Audit Committee	Chairman
ii)	Indoco Remedies Limited	Audit Committee	Chairman
iii)	South India Corporation (Agencies) Limited	Audit Committee	Chairman
iv)	Indo Count industries Ltd (IDBI Nominee)	Audit Committee	Member
v)	LIC Housing Finance Ltd.	Audit Committee	Member
vi)	Mahindra & Mahindra Financial Services Ltd.	Audit Committee	Member