



CHOWGULE STEAMSHIPS LTD.

43RD ANNUAL REPORT 2005-2006

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CHOWGULE STEAMSHIPS LIMITED

BOARD OF DIRECTORS

| | | |
|---------------------------------|--------------------|---|
| Vijay V. Chowgule | Chairman | - Promoter Non-Executive Director |
| Y.D. Chowgule | | - Promoter Non-Executive Director (upto July 5, 2005) |
| S.Y. Rege | | - Independent Non-Executive Director |
| M.R.B. Punja | | - Independent Non-Executive Director |
| D.N. Mungale | | - Independent Non-Executive Director |
| Jaywant Y Chowgule | | - Promoter Non-Executive Director (from August 22, 2005) |
| Admiral Madhvendra Singh (Retd) | | - Independent Non-Executive Director (from October 20, 2005) |
| Sanjiv N Shah | | - Independent Non-Executive Director (from January 25, 2006) |
| Nathan R Chowgule | | - Promoter Non-Executive Director (from January 25, 2006) |
| Deepak L Chowgule | Managing Director | - Promoter Executive Director (upto July 26, 2005) |
| M.P. Patwardhan | Executive Director | - Non-promoter Executive Director |

Vice President & CFO

M.S. Sawant

Vice President & Company Secretary

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
Email : murthy.csl@chowgule.co.in

Share Transfer Agents

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West), Mumbai – 400 078
Tel : (022) 2596 3838 / Fax : (022) 2594 6969 /
Email : isrl@intimespectrum.com
(with effect from March 20, 2006)

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NOTICE

NOTICE is hereby given that the Forty Third 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 Tuesday, July 25, 2006 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, 2006 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, 2006.
3. To appoint a Director in place of Mr. Vijay V Chowgule, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S.Y. Rege, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. M.P. Patwardhan, who retires by rotation and is eligible for re-appointment.
6. 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

7. To appoint as Director Mr. Jaywant Y Chowgule who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 22, 2005 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.
8. To appoint as Director Admiral Madhvendra Singh (Retd) who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 20, 2005 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.
9. To appoint as Director Mr. Sanjiv N Shah who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 25, 2006 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.
10. To appoint as Director Mr. Nathan R Chowgule who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 25, 2006 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.

By order of the Board of Directors
For CHOWGULE STEAMSHIPS LIMITED

V.S. MURTHY
VICE PRESIDENT &
COMPANY SECRETARY

Place : Mumbai,
Date : April 25, 2006

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 11, 2006 to July 25, 2006, both days inclusive.
- 4) 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.



CHOWGULE STEAMSHIPS LIMITED

- 5) Unclaimed Dividends for the years 1995-96 and 1996-97 have been transferred to the Investor Education and Protection Fund. Members have no right or claim whatsoever against the said amount.
- 6) Those Shareholders who have so far not claimed or collected their dividend for the year 2004-2005 may write to the Registrar and Share Transfer Agents for claiming the same.
- 7) The shares of the Company are listed on the Stock Exchange at Mumbai and the listing fee upto the financial year 2006-2007 has been paid to the Mumbai Stock Exchange.
- 8) Members holding shares in dematerialized form are requested to note that the bank details, if any, 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 intimate their ECS mandate to the new Registrars and Transfer Agents of the Company. For this, the members may fill in the necessary details as provided in the ECS Mandate Format.

Members are advised in their own interest to have the shares dematerialised.

- 9) All enquiries and correspondence regarding transfer of shares, dematerialisation etc. should be made with the new Share Transfer Agents of the Company viz M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078, who have been appointed as such with effect from March 20, 2006.

By order of the Board of Directors
For CHOWGULE STEAMSHIPS LIMITED

V.S. MURTHY
VICE PRESIDENT &
COMPANY SECRETARY

Place : Mumbai,
Date : April 25, 2006

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, 2006. (HOLDS GOOD FOR CORPORATE GOVERNANCE REPORT ALSO)

Item No. 7

The Board of Directors of the Company appointed Mr. Jaywant Y Chowgule as an Additional Director of the Company with effect from August 22, 2005.

Mr. Jaywant Y Chowgule, born on February 28, 1958, holds a Bachelor's Degree in Science. He was appointed Manager (Commercial) of Chowgule & Company Ltd. from September 01, 1984 and rose to the rank of Executive Vice President in July 1989 which position he held till September 2004, from when onwards, he is the Executive Director of Chowgule Brothers Pvt. Ltd. He is on Boards of the following Companies :

Chowgule & Company Ltd.
Chowgule Brothers Pvt. Ltd.
Kolhapur Oxygen & Acetylene Pvt. Ltd.
Aurangabad Breweries Limited
Chowgule & Company (Salt) Ltd.
Chowgule Maintenance Services Pvt. Ltd.

Mr. Jaywant Y Chowgule is a Member of the following Committees :

Chowgule & Company Ltd. - Remuneration Committee
Chowgule & Company (Salt) Ltd. - Remuneration Committee

In view of Mr. Jaywant Y Chowgule having vast related experience, it is eminently desirable to appoint him as Director of the Company.

The Directors commend the Resolution at item No.7 of the Notice for approval of the members.

Mr. Vijay V Chowgule, Mr. Nathan R Chowgule and Mr. Jaywant Y Chowgule are concerned and interested in the Resolution.

Item No.8

The Board of Directors of the Company appointed Admiral Madhvendra Singh (Retd) as an Additional Director of the Company with effect from October 20, 2005.

Admiral Madhvendra Singh (Retd), born on July 11, 1942, holds the qualification of M.Sc. (Defence Studies). He joined the National Defence Academy in June 1958 and after passing out joined the Indian Navy as a Cadet in June 1961. He rose to the rank of Admiral and held the appointment of Chief of the Naval Staff from December 29, 2001 to July 31, 2004.

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Admiral Madhvendra Singh (Retd) is not a Board Member of any other Company.

In view of Admiral Madhvendra Singh (Retd) having vast experience in the marine related field, it is eminently desirable to appoint him as Director of the Company.

The Directors commend the Resolution at item No.8 of the Notice for approval of the members.

Admiral Madhvendra Singh (Retd) is concerned and interested in the Resolution.

Item No.9

The Board of Directors of the Company appointed Mr. Sanjiv N Shah as an Additional Director of the Company with effect from January 25, 2006.

Mr. Shah, born on March 2, 1958, holds the following qualifications :

BA (Economics & Statistics) from the University of Bombay

B.Sc. (Economics) from the University of London

ACA (Institute of Chartered Accountants), England & Wales

FCA (Institute of Chartered Accountants), India

Mr. Shah worked with Ernst & Whinney, London for the period from 1981 to 1987, Deloitte Haskins & Sells as Principal from 1987 to 1989 and S.B. Billimoria & Co. as Partner from 1989 to 2002

Mr. Shah is a Director on the Boards of the following Companies :

SNS Consulting Pvt. Ltd.

Nemish Shah Investments Pvt. Ltd.

Bharat Bijlee Ltd.

Andhra Pradesh Tanneries Ltd.

Mr. Shah is a Committee Member of the following Company :

Bharat Bijlee Ltd. - Audit Committee

Remuneration Committee

In view of Mr. Shah having vast experience in the accounting & financial field, it is eminently desirable to appoint him as Director of the Company.

The Directors commend the Resolution at item No.9 of the Notice for approval of the members.

Mr. Shah is concerned and interested in the Resolution.

Item 10

The Board of Directors of the Company appointed Mr. Nathan R Chowgule as an Additional Director of the Company with effect from January 25, 2006.

Mr. Chowgule, born on May 1, 1973, holds a Master's Degree in Business Administration from the University of Utah (USA).

Mr. Chowgule worked with Utah Media Access as Vice President, Business Development during 2002 - 2003 and with Komatsu Equipment USA as Director-Marketing, during 2003-2004. He is presently with Chowgule & Company (Salt) Ltd. as Executive Director since 2004.

Mr. Chowgule is a Director on the Boards of the following Companies :

Chowgule & Company (Salt) Ltd.

Kolhapur Gases (Carbondioxide) Pvt. Ltd.

Mr. Chowgule is not a Committee Member of any other Company.

In view of Mr. Chowgule having experience in the related field, it is eminently desirable to appoint him as Director of the Company.

The Directors commend the Resolution at item No.10 of the Notice for approval of the members.

Mr. Vijay V Chowgule, Mr. Jaywant Y Chowgule and Mr. Nathan R Chowgule are concerned and 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 25, 2006

CHOWGULE STEAMSHIPS LIMITED**DIRECTORS' REPORT 2005-2006**

To

The Shareholders,

Your Directors present the Forty Third Annual Report and the Audited Accounts for the year ended March 31, 2006.

1. FINANCIAL RESULTS & APPROPRIATIONS :

| | 2005-2006 (Rs.in lacs) | 2004-2005 (Rs.in lacs) |
|---|---|---|
| Profit prior to financial charges, depreciation and tax | 2092.37 | 1717.02 |
| Less : Financial Charges | 193.62 | 398.31 |
| Profit before Depreciation and Tax | 1898.75 | 1318.71 |
| Less: Depreciation for the year | 769.21 | 849.41 |
| Profit/(Loss) before Sale of Ships and Taxation | 1129.54 | 469.30 |
| Profit/(Loss) on Sale of Ships | — | 5245.54 |
| Profit/(Loss) before Taxation | 1129.54 | 5714.84 |
| Income Tax of earlier years written off | (6.75) | (1.31) |
| Provision for Taxation - Current | (400.36) | (447.72) |
| Provision for FBT | (14.31) | — |
| Profit before Deferred Tax Provision | 708.12 | 5265.81 |
| Provision for Deferred Tax (Net) | 381.65 | (2241.98) |
| Profit/(Loss) after Tax | 1089.77 | 3023.83 |
| Prior Period Items | — | (3.33) |
| Brought forward from previous year | 1279.82 | (1254.64) |
| Available for Appropriation | 2369.59 | 1765.86 |
| Transferred to General Reserve | — | (75.51) |
| Proposed Dividend | (363.08) | (363.08) |
| Tax on Proposed Dividend | (50.92) | (47.45) |
| Short Provision of Dividend Tax of earlier year | (3.47) | — |
| Balance Transferred to Balance Sheet | 1952.12 | 1279.82 |

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 2005-2006.

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

After witnessing a very strong freight market for previous two years, the financial year 2005-06 showed signs of weakness in freight rates. For dry bulk cargo sector, expansion of fleet overtook growth in cargo volumes. The removal of bottlenecks of port infrastructure in Chinese and Australian Ports also eased pressure on dry bulk fleet affecting the freight rates. Biffex at the beginning of the year was in excess of 4500 while at the year end it was just above 2300 points. This indicates drop in freight levels to almost 50%. However, the industrial growth in China which is the prime mover for dry bulk volumes continued to be strong at 11.3% pushing up demand for coal meant for power plants and iron ore for steel plants. This demand is expected to stabilise the freight rates.

COASTAL FLEET

The freight rates on coastal trade continued to be very low as there is no volume growth in coastal trade. On the other hand, the operational cost of the coastal fleet has increased on the back of a substantial increase in manpower and fuel costs.

During the financial year, the Company foreclosed the lease agreement with State Bank of India and purchased M.V.Maratha Coral, a 2000 built, 3427 DWT mini bulk carrier at a price of Rs.10.11 crores. The said vessel is presently plying on the West Coast of India.

COMPANY'S PERFORMANCE

Despite drop in international freight rates, the Company improved per day freight realisations on its Panamax vessels. The strategy of employing the vessel on spot market has paid off a good dividend. On the coastal front, there

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was a drop of about 10% in the freight rates and 23% in operating days. The drop in operating days is on account of dry docking and special survey of the vessels coupled with main engine break-down suffered by one of the ships.

FUTURE OUTLOOK

It appears that the freight rates for dry bulk cargo in international market will continue to remain at existing levels. The international operation is expected to generate reasonable profits in view of the negligible interest cost and low debts.

As far as coastal fleet is concerned, the Government has taken initiatives to improve ports, waterways and the infrastructure related therewith and has allocated substantial resources for this purpose. The work on Sethu Samudram Project has already commenced and is expected to be completed during 2007-2008. This will certainly result in increase in coastal activity. The management therefore feels, it is an opportune time to modernise coastal fleet by acquiring modern, cost efficient ships to expand coastal operations.

INTERNAL CONTROL SYSTEM

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

RISK MANAGEMENT

The Company has an appropriate Risk Management frame work to identify and minimize various risks. For improving the frame work, which will be an on-going process, the same will be subjected to review by the Board.

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.

The Company presently employs 13 on-shore staff members and the crew management is outsourced.

3. LOAN REPAYMENT

During the year, the Company has paid Rs. 8.36 crores (USD 1.890 million) to DBS, Singapore. The only term loan outstanding as at the end of the financial year is USD 0.945 million (Rs. 4.24 crores) of DBS, Singapore.

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 asset of Rs. 381.65 lakhs for the Financial Year 2005-2006, which is reflected in the Profit & Loss Account. The net deferred tax liability of Rs. 2138.37 lakhs as at March 31, 2006 is reflected in the Balance Sheet.

5. SUBSIDIARIES

During the financial year 2005-2006, Chowgule Steamships Ltd. (CSL) has made an investment of US\$ 6 million in the Share Capital of Chowgule Steamships Overseas Ltd. (CSOL), a wholly owned overseas subsidiary. With this, the total investment of CSL in CSOL stands at US\$ 9.2 million.

CSOL has during the financial year purchased a second hand Panamax Vessel - m.v. Maratha Explorer at a price of US\$ 19 million. The vessel is owned and operated by Blue Ocean LLC, a wholly owned subsidiary of CSOL. For this purchase, Blue Ocean LLC raised a loan of US\$ 14 million from DVB Bank, Singapore. With this addition, CSOL, through its three subsidiaries owns three vessels, viz. m.v. Global Trust, m.v. Global Triumph and m.v. Maratha Explorer.

The financial highlights of CSOL's operations are as under :

| | 2005-2006 (in US \$ million) | 2004-2005 (in US \$ million) |
|----------------------------------|--|--|
| Turnover | 9.207 | 6.616 |
| Gross Profit before depreciation | 4.629 | 1.639 |
| Depreciation | 3.110 | 1.886 |
| Net Profit | 1.519 | (0.247) |

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6. SUBSIDIARIES - EXEMPTION

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the Subsidiary Companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member of the Company interested in obtaining the same. However, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries.

7. INSURANCE

The fleet of the Company has been adequately insured against Marine and War Risks for about Rs. 192 crores.

8. DIRECTORS

- (i) Mr. Y.D. Chowgule, one of the founder Directors of the Company, expired on July 5, 2005. Mr. Y.D. Chowgule had served on the Board of the Company since its inception in 1963. He gave valuable advice and guidance during the formative years and contributed substantially to the growth of the Company.

The Board places on record its appreciation of the contribution made by Mr. Y.D. Chowgule during his tenure as Director.

- (ii) Mr. Deepak L Chowgule, Managing Director of the Company, expressed his desire to step down on reaching his age of superannuation effective close of office hours on July 26, 2005. Mr. Deepak L Chowgule had over the past 32 years of service made tremendous contribution towards the progress of the Company.

The Board places on record its sincere appreciation of his dedicated service to the Company.

- (iii) Mr. Jaywant Y Chowgule was appointed as an Additional Director by the Board on August 22, 2005, pursuant to Section 260 of the Companies Act, 1956, read with Article 117(a) of the Articles of Association. He holds office only upto 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. Jaywant Y Chowgule's candidature for the office of Director along with a deposit of Rs. 500/-. This item is included in item 7 of the accompanying notice.

- (iv) Admiral Madhvendra Singh (Retd) was appointed as an Additional Director by the Board on October 20, 2005, pursuant to Section 260 of the Companies Act, 1956, read with Article 117(a) of the Articles of Association. He holds office only upto 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 Admiral Madhvendra Singh's (Retd) candidature for the office of Director along with a deposit of Rs. 500/-. This item is included in item 8 of the accompanying notice.

- (v) Mr. Sanjiv N Shah was appointed as an Additional Director by the Board on January 25, 2006, pursuant to Section 260 of the Companies Act, 1956, read with Article 117(a) of the Articles of Association. He holds office only upto 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. Sanjiv N Shah's candidature for the office of Director along with a deposit of Rs. 500/-. This item is included in item 9 of the accompanying notice.

- (vi) Mr. Nathan R Chowgule was appointed as an Additional Director by the Board on January 25, 2006, pursuant to Section 260 of the Companies Act, 1956, read with Article 117(a) of the Articles of Association. He holds office only upto 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. Nathan R Chowgule's candidature for the office of Director along with a deposit of Rs. 500/-. This item is included in item 10 of the accompanying notice.

- (vii) Mr. Vijay V Chowgule, Mr. S.Y. Rege and Mr. M.P. Patwardhan, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

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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. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The said Code has been hosted on the website of the Company. All the Board Members and Senior Management have affirmed compliance to the Code.

11. 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."

12. 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.

13. 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 two Employees as on March 31, 2006, who were employed throughout or for part of the year and were in receipt of remuneration exceeding Rs.24 lacs p.a. or Rs.2 lacs per month as the case may be.

14. 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).

15. 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 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 25, 2006

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.

The Board has also laid down a Code of Conduct for all the Board Members and Senior Management of the Company.

2. BOARD OF DIRECTORS :

(a) Composition / Category of Directors

(i) **Promoter Directors**

Non Executive - 3

Total 3

(ii) **Non-promoter Directors**

Executive - 1

(iii) Independent

Non Executive - 5

Total 6

GRAND TOTAL : 9

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

In all four Board Meetings were held during the financial year 2005-2006 on 27.04.2005, 25.07.2005, 20.10.2005 and 25.01.2006. The Board is informed of all the important information relating to the business of the Company.

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 | NA |
| Mr. S.Y.Rege | 4 | P |
| Mr. M.R.B.Punja | 3 | A |
| Mr Dhananjay N. Mungale | 2 | P |
| Mr. Jaywant Y Chowgule | 2 | NA |
| Admiral Madhvendra Singh (Retd.) | 2 | NA |
| Mr. Sanjiv N Shah | 1 | NA |
| Mr. Nathan R Chowgule | 1 | NA |
| Mr. Deepak L. Chowgule * | 2 | 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 | 6 – BM | 6-CM | 0-CC |
| Mr. S.Y. Rege | 4 – BM | 2-CM | 0-CC |
| Mr. M.R.B. Punja | 7 –BM | 4-CM | 4-CC |
| Mr. Dhananjay N. Mungale | 8 – BM | 4-CM | 3-CC |
| Mr. Jaywant Y Chowgule | 3 – BM | 2-CM | 0-CC |
| Admiral Madhvendra Singh (Retd.) | 0 – BM | 0-CM | 0-CC |
| Mr. Sanjiv N Shah | 2 – BM | 2-CM | 0-CC |
| Mr. Nathan R 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